DRAFT

2015 ANNUAL REPORT

(Translation from the Italian original which remains the definitive version)

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GENERAL INFORMATION

GROUP PROFILE

Cementir Holding is an Italian multinational company that produces and distributes grey and white cement, ready-mixed concrete, aggregates and concrete products. Cementir Holding is part of Caltagirone Group and has been listed on the Italian Stock Exchange (Borsa Italiana) since 1955, currently in the STAR segment.

Through its subsidiaries Aalborg Portland, Cimentas and Cementir Italia, Cementir Holding operates in 16 countries across 5 continents; sales volumes in 2015 totalled 9.4 million tons of cement, 3.7 million m^3 of ready-mixed concrete and 3.8 million tons of aggregates.

Cementir Holding is the largest manufacturer and exporter of white cement in the world. It operates production sites in Denmark, Egypt, China, Malaysia and the United States, for a total production capacity of 3.3 million tons, with the cement manufactured shipped to over 60 countries throughout the world.

Through its subsidiary Sinai White Cement, Cementir Holding operates the largest white cement production plant in the world, located in El-Arish, Egypt.

Cementir Group is the sole manufacturer of cement in Denmark, the 4th biggest manufacturer in Italy and among the top manufacturers in Turkey; in Scandinavia it is the leading manufacturer of ready-mixed concrete.

Since 2009, Cementir Holding has also operated in the municipal and industrial waste management and renewable energy sectors in Turkey and England, through its subsidiary Recydia.

14	Cement plants
15.1 (million t)	Cement production capacity
113	Ready-mixed concrete plants
3.8 (million t)	Aggregate sold
3	Waste management facilities
218 (thousand t)	Waste processed
3,032	Employees

GLOBAL PRESENCE

Grey cement production capacity: 11.8 million t
White cement production capacity: 3.3 million t
Grey cement sales: 7.4 million t
White cement sales: 2.0 million t
Ready-mixed concrete sales: 3.7 million m3
Aggregate sales: 3.8 million t

Cement plants: 14
Terminals: 27
Ready-mixed concrete plants: 113
Quarries: 8
Cement products plants: 1
Waste management facilities: 3

Denmark

Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Grey cement sales: 1.39 million t
White cement sales: 0.61 million t
Ready-mixed concrete sales: 1.17 million m3
Aggregate sales: 0.74 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 42
Terminals: 9
Quarries: 3

Norway

Ready-mixed concrete sales: 0.82 million m3
Ready-mixed concrete plants: 29
Terminals: 1

Sweden

Ready-mixed concrete sales: 0.18 million m3
Aggregate sales: 3.08 million t
Ready-mixed concrete plants: 9
Quarries: 5

Turkey

Grey cement production capacity: 5.4 million t
Grey cement sales: 4.25 million t
Ready-mixed concrete sales: 1.49 million m3
Cement plants: 4
Ready-mixed concrete plants: 15
Waste management facilities: 2

Italy

Grey cement production capacity: 4.3 million t
Grey cement sales: 1.71 million t
Ready-mixed concrete sales: 0.09 million m3
Cement plants: 4
Ready-mixed concrete plants: 18
Terminals: 3

Egypt

White cement production capacity: 1.1 million t
White cement sales: 0.55 million t
Cement plants: 1

China

White cement production capacity: 0.7 million t
White cement sales: 0.61 million t
Cement plants: 1

Malaysia

White cement production capacity: 0.35 million t[1]
White cement sales: 0.30 million t
Cement plants: 1

USA

White cement production capacity: 0.26 million t
Cement plants: 2 (24.5%-owned joint ventures with Heidelberg and Cemex)
Cement product plants: 1
Terminals: 1

United Kingdom

Waste management facilities: 1
Terminals: 1

Australia

Terminals: 4

Germany

Terminals: 1

Iceland

Terminals: 3

Netherlands

Terminals: 1

Poland

Terminals: 1

Russia

Terminals: 2

[1] In December 2014, expansion works were completed to increase cement production capacity from 0.2 to 0.35 million t.

Denmark

1 Grey and white cement plant
42 Ready-mixed concrete plants
9 Terminals
3 Quarries

Volumes sold (million/t–m3)	2015	2014
Grey cement sales	1.39	1.30
White cement sales	0.61	0.56
Ready-mixed concrete sales	1.17	1.02
Aggregate sales	0.74	0.71

Other Scandinavian countries

38 Ready-mixed concrete plants
4 Terminals
5 Quarries

Volumes sold (million/t–m3)	2015	2014
Norway		
Ready-mixed concrete sales	0.82	0.90
Sweden		
Ready-mixed concrete sales	0.18	0.15
Aggregate sales	3.08	2.55

Turkey

4 Grey cement plants
15 Ready-mixed concrete plants
2 Waste management facilities

Volumes sold (million/t–m3)	2015	2014
Grey cement sales	4.25	4.76
Ready-mixed concrete sales	1.49	1.39

Italy

4 Grey cement plants
18 Ready-mixed concrete plants
3 Terminals

Volumes sold (million/t–m3)	2015	2014
Grey cement sales	1.71	1.62
Ready-mixed concrete sales	0.09	0.04
White cement sales	0.003	0.002

Egypt

1 White cement plant

Volumes sold (million/t)	2015	2014
White cement sales	0.55	0.53

Far East

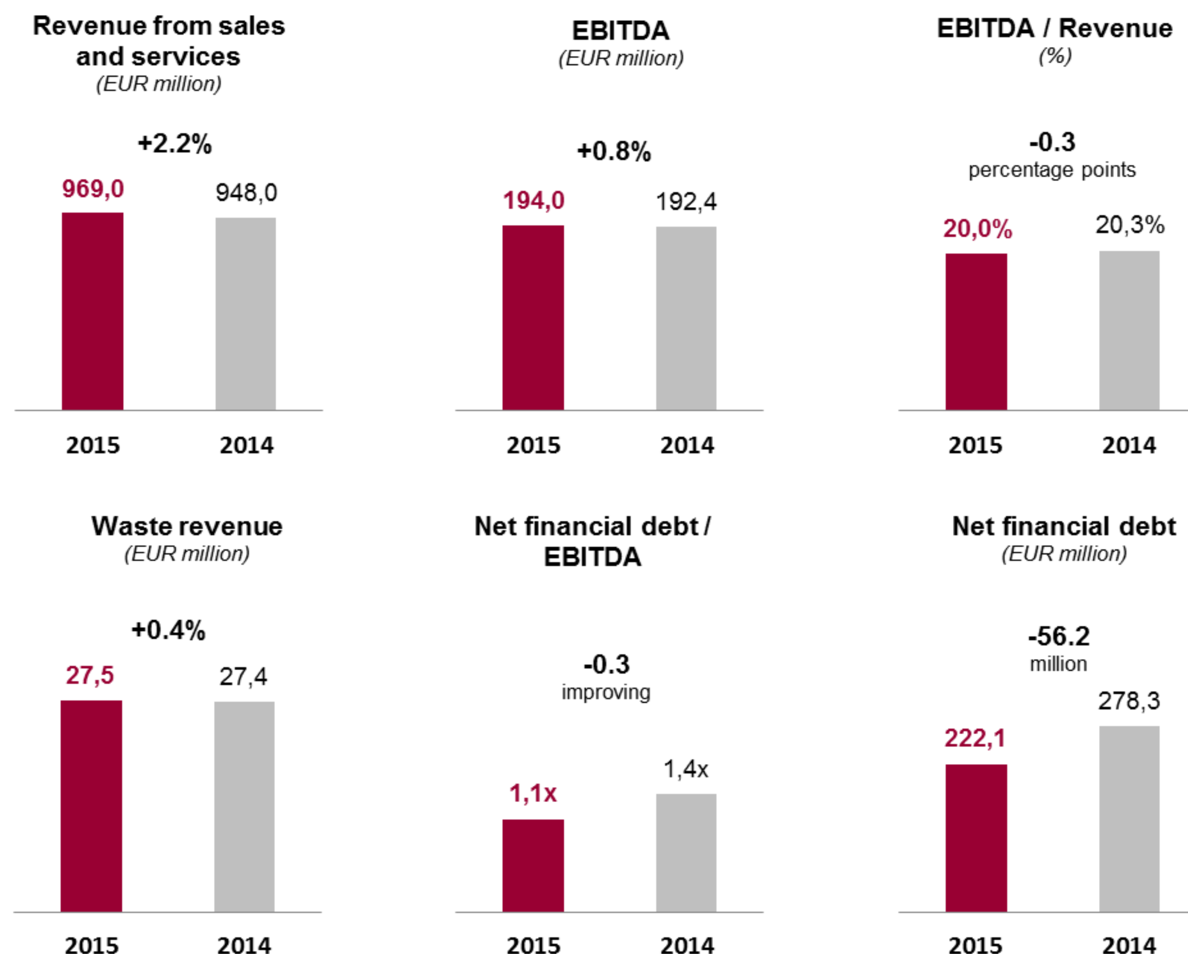
2 White cement plants

Volumes sold (million/t)	2015	2014
China		
White cement sales	0.61	0.60
Malaysia		
White cement sales	0.30	0.19

Rest of the world

2 White cement plants
1 Cement products plant
1 Waste management facilities
11 Terminals

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS



Performance highlights

(EUR'000)	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Revenue from sales and services	969,040	948,013	988,614	976,193	933,014	842,260	822,473
EBITDA	194,036	192,432	169,720	138,054	124,191	108,930	135,491
EBITDA Margin %	*20.0%*	*20.3%*	*17.2%*	*14.1%*	*13.3%*	*12.9%*	*16.5%*
EBIT	97,645	104,085	76,684	48,230	36,206	22,521	52,137
EBIT Margin %	*10.1%*	*11.0%*	*7.8%*	*4.9%*	*3.9%*	*2.7%*	*6.3%*
Net financial income (expense)	3,998	(4,602)	(13,530)	(19,614)	(20,602)	3,384	(4,106)
Profit (loss) before taxes	101,643	99,483	63,154	28,616	15,604	25,905	48,031
Income taxes	(26,542)	(20,758)	(14,992)	(4,572)	(5,766)	(8,306)	(13,688)
Profit (loss) for the year	75,101	78,725	48,162	24,044	9,838	17,599	34,343
Profit margin %	*7.8%*	*8.3%*	*4.9%*	*2.5%*	*1.1%*	*2.1%*	*4.2%*
Group net profit	67,477	71,634	40,124	16,462	3,025	9,344	29,842
Net profit margin %	*7.0%*	*7.6%*	*4.1%*	*1.7%*	*0.3%*	*1.1%*	*3.6%*

Financial and equity highlights

(EUR'000)	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Net capital employed	1,353,192	1,401,632	1,354,291	1,487,152	1,440,415	1,492,744	1,447,544
Total assets	1,849,551	1,873,410	1,848,027	1,975,161	1,908,445	1,950,718	1,818,533
Total equity	1,131,105	1,123,301	1,029,409	1,114,123	1,082,881	1,156,612	1,066,251
Group shareholders' equity	1,048,670	1,043,070	954,425	1,034,920	1,004,562	1,077,141	1,002,481
Net financial debt	222,087	278,331	324,882	373,029	357,534	336,132	381,293

Profit and equity ratios

	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Return on equity (a)	6.6%	7.0%	4.7%	2.2%	0.9%	1.5%	3.2%
Return on capital employed (b)	7.2%	7.4%	5.7%	3.2%	2.5%	1.5%	3.6%
Equity ratio (c)	61.2%	60.0%	55.7%	56.4%	56.7%	59.3%	58.6%
Net gearing ratio (d)	19.6%	24.8%	31.6%	33.5%	33.0%	29.1%	35.8%
Net financial debt/EBITDA	1.1x	1.4x	1.9x	2.7x	2.9x	3.1x	2.8x

(a) Profit (loss) for the year / Total equity
(b) EBIT / Net capital employed
(c) Total equity / Total assets
(d) Net Financial Debt / Total equity

Employees and investments

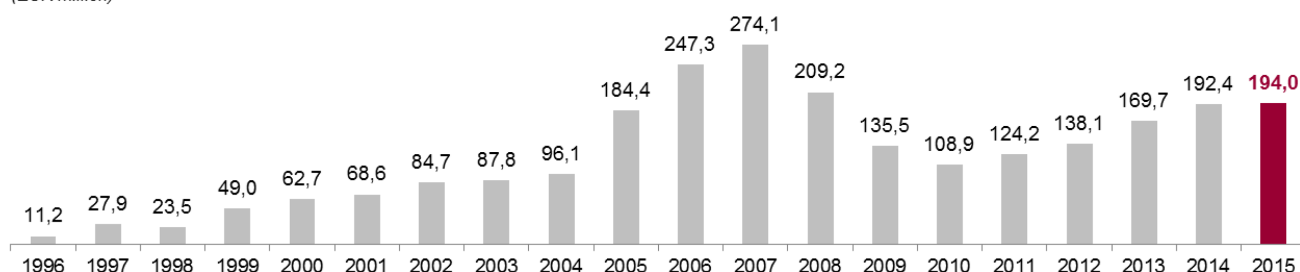
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Number of employees (at 31 Dec)	3,032	3,053	3,170	3,311	3,200	3,289	3,439
Acquisitions (EUR millions)	-	-	-	10.7	5.2	8.5	10.8
Investments (EUR millions)	61.3	66.3	81.7	87.5	73.2	62.6	98.4

Sales volumes

(000)	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Grey and white cement (t)	9,368	9,560	9,737	9,833	10,468	10,013	9,641
Ready-mixed concrete (m^3)	3,749	3,495	3,736	3,580	3,843	3,185	3,074
Aggregates (t)	3,813	3,259	3,234	3,490	3,834	3,605	4,079

EBITDA performance

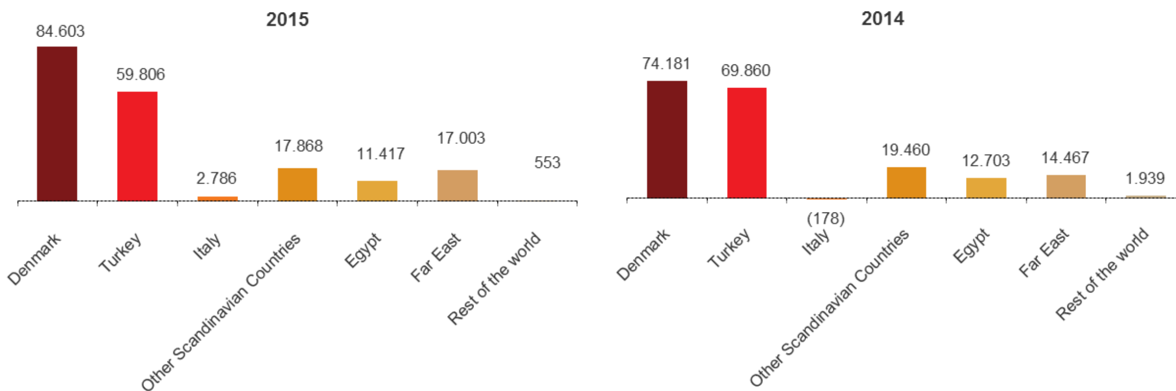
(EUR million)



Operating revenue by geographical segment

(EUR'000)	2015	2014	Change %
Denmark	287,884	264,029	9.0%
Turkey	244,891	276,003	-11.3%
Italy	97,515	85,436	14.1%
Other Scandinavian countries	181,441	186,092	-2.5%
Egypt	50,961	44,866	13.6%
Far East	79,211	68,025	16.4%
Rest of the world	53,458	48,602	10.0%
Total operating revenue	**995,361**	**973,053**	**2.3%**

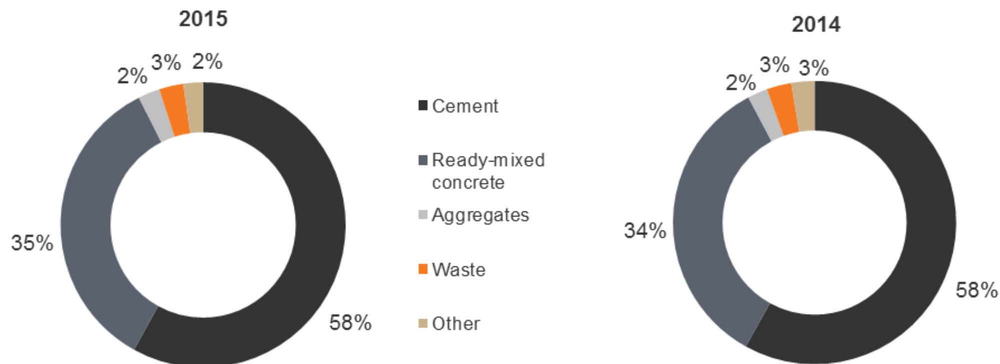
EBITDA by geographical segment



(EUR'000)	2015	2014	Change %
Denmark	84,603	74,181	14.0%
Turkey	59,806	69,860	-14.4%
Italy [1]	2,786	(178)	n.m.
Other Scandinavian countries	17,868	19,460	-8.2%
Egypt	11,417	12,703	-10.1%
Far East	17,003	14,467	17.5%
Rest of the world	553	1,939	-71.5%
Total EBITDA	**194,036**	**192,432**	**0.8%**

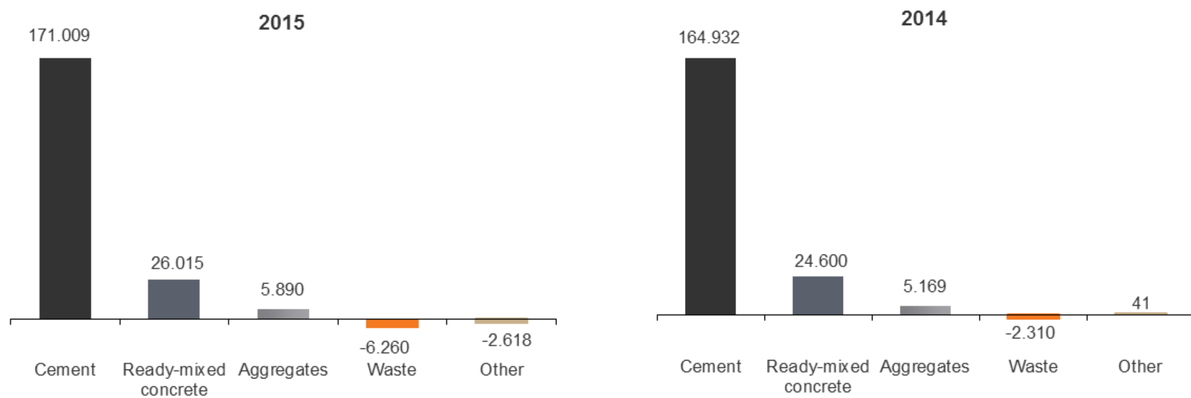
[1] Includes EBITDA of Cementir Holding Spa, totalling EUR -2.0 million in 2015 and EUR -0.6 million in 2014.

Operating revenue by business segment



(EUR'000)	**2015**	**2014**	**Change %**
Cement	577,901	565,045	2.3%
Ready-mixed concrete	343,407	332,635	3.2%
Aggregates	24,460	22,240	10.0%
Waste	27,462	27,362	0.4%
Other	22,131	25,771	-14.1%
Total operating revenue	**995,361**	**973,053**	**2.3%**

EBITDA by business segment



(EUR'000)	**2015**	**2014**	**Change %**
Cement	171,009	164,932	3.7%
Ready-mixed concrete	26,015	24,600	5.8%
Aggregates	5,890	5,169	13.9%
Waste	(6,260)	(2,310)	-171.0%
Other	(2,618)	41	n.m.
Total EBITDA	**194,036**	**192,432**	**0.8%**

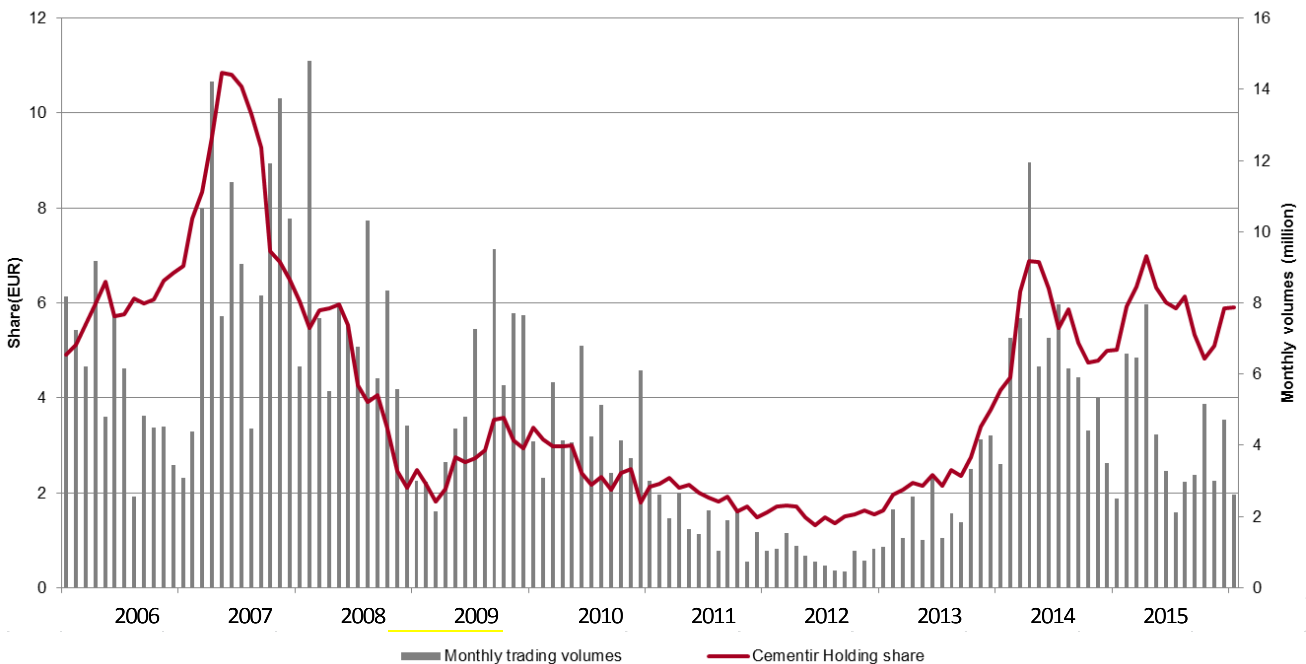
CEMENTIR HOLDING ON THE STOCK EXCHANGE

Key market data

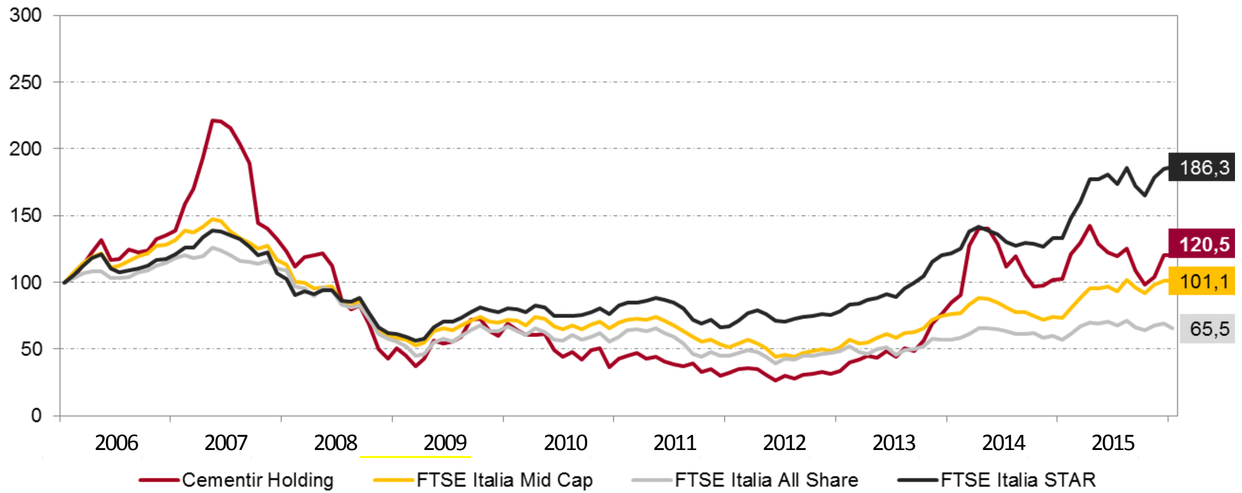
(EUR'000)	**2015**	**2014**	**2013**	**2012**	**2011**
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Earnings per share (EUR)	0.424	0.450	0.252	0.103	0.019
Dividend per share (EUR)	0.10 (1)	0.10	0.08	0.04	0.04
Pay-out ratio	23.6%	22.2%	31.7%	38.7%	210.4%
Dividend yield (2)	1.7%	2.0%	1.9%	2.4%	2.5%
Market capitalisation (EUR million)(2)	939.6	798.0	662.3	260.5	253.0
Share price (EUR)					
Low	4.68	4.05	1.67	1.23	1.28
High	7.12	7.49	4.20	1.88	2.35
Year-end price	5.91	5.02	4.16	1.64	1.59

(1) Dividend proposed to the Shareholders' Meeting
(2) Figures are calculated on the basis of the year-end price.

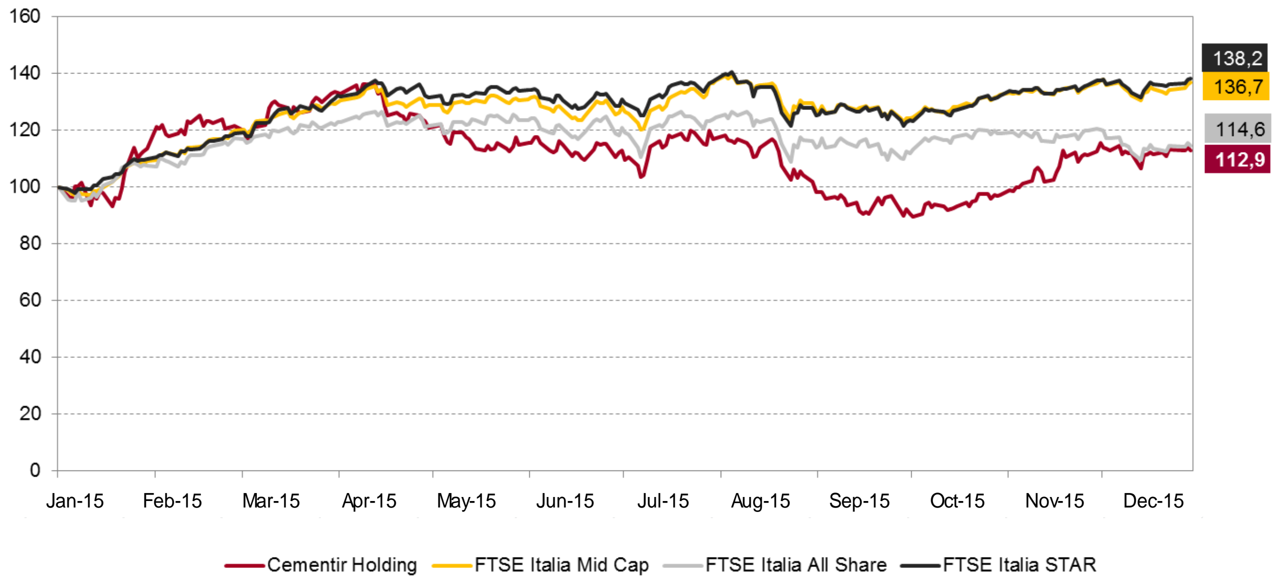
Performance of Cementir Holding shares (31 December 2005–31 December 2015)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes (base 31 December 2005 = 100)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes (base 2 January 2015 = 100)



Corporate officers

Board of Directors for the period 2015–2017	*Chairman*	Francesco Caltagirone Jr.
	Deputy Chairman	Carlo Carlevaris *(independent)*
	Directors	Alessandro Caltagirone
		Azzurra Caltagirone
		Edoardo Caltagirone
		Saverio Caltagirone
		Mario Ciliberto
		Fabio Corsico
		Mario Delfini
		Veronica De Romanis *(independent)*
		Paolo Di Benedetto *(independent)*
		Chiara Mancini *(independent)*
		Riccardo Nicolini[1]
Executive Committee	*Chairman*	Francesco Caltagirone Jr.
	Members	Mario Delfini
		Riccardo Nicolini
Control and Risks Committee	*Chairman*	Paolo Di Benedetto[2] *(independent)*
	Members	Veronica De Romanis *(independent)*
		Chiara Mancini *(independent)*
Appointment and Remuneration Committee	*Chairman*	Paolo Di Benedetto[2] *(independent)*
	Members	Veronica De Romanis *(independent)*
		Chiara Mancini *(independent)*
		Mario Delfini
Board of Statutory Auditors for the period 2014–2016	*Chairman*	Claudio Bianchi
	Statutory auditors	Giampiero Tasco *(standing)*
		Maria Assunta Coluccia *(standing)*
		Vincenzo Sportelli *(alternate)*
		Patrizia Amoretti *(alternate)*
		Stefano Giannuli *(alternate)*
Manager responsible for financial reporting		Massimo Sala
Independent Auditors for the period 2012–2020		KPMG S.p.A.

[1] The Director Riccardo Nicolini held the position of General Manager from 23 April 2015 to 31 December 2015.
[2] Lead Independent Director.

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DIRECTORS’ REPORT

GROUP PERFORMANCE

This Directors' Report refers to the separate and consolidated financial statements of the Cementir Holding Group as at 31 December 2015. They have been prepared pursuant the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission (hereinafter, the "IFRS").

This report should be read together with the financial statements and related notes, together making up the consolidated and separate financial report as at 31 December 2015. The consolidated financial statements of the Cementir Holding Group as at 31 December 2015 have been prepared in accordance with Consob Regulation 11971/1999, as subsequently amended.

Earnings figures for 2015 are reported below, with comparative figures provided for 2014.

Earnings

(EUR'000)	2015	2014	Change %
REVENUE FROM SALES AND SERVICES	**969,040**	**948,013**	**2.2%**
Change in inventories	(5,627)	(3,922)	-43.5%
Other revenue*	31,948	28,962	10.3%
TOTAL OPERATING REVENUE	**995,361**	**973,053**	**2.3%**
Raw materials costs	(409,743)	(398,861)	2.7%
Personnel costs	(149,714)	(147,624)	1.4%
Other operating costs	(241,868)	(234,136)	3.3%
TOTAL OPERATING COSTS	**(801,325)**	**(780,621)**	**2.6%**
EBITDA	**194,036**	**192,432**	**0.8%**
EBITDA Margin %	*20.02%*	*20.30%*	
Amortisation, depreciation, impairment losses and provisions	(96,391)	(88,347)	9.1%
EBIT	**97,645**	**104,085**	**-6.2%**
EBIT Margin %	*10.08%*	*10.98%*	
NET FINANCIAL INCOME (EXPENSE)	**3,998**	**(4,602)**	**186.9%**
PROFIT (LOSS) BEFORE TAXES	**101,643**	**99,483**	**2.2%**
PROFIT (LOSS) BEFORE TAXES Margin %	*10.49%*	*10.49%*	
Income taxes	(26,542)	(20,758)	27.9%
PROFIT (LOSS) FOR THE YEAR	**75,101**	**78,725**	**-4.6%**
Attributable to:			
NON-CONTROLLING INTERESTS	**7,624**	**7,091**	**7.5%**
OWNERS OF THE PARENT	**67,477**	**71,634**	**-5.8%**

* "Other revenue" includes the income statement captions "Increase for internal work" and "Other operating revenue".

Revenue from sales and services amounted to EUR 969.0 million (+2.2% on 2014: EUR 948.0 million); EBITDA totalled EUR 194.0 million (+0.8% on 2014: EUR 192.4 million); EBIT totalled EUR 97.6 million (-6.2% on 2014: EUR 104.1 million); and Group net profit amounted to EUR 67.5 million (-5.8% on 2014: EUR 71.6 million).

Revenue from sales increased 2.2% compared to 2014 thanks to the good performance of operations in Scandinavian countries, Malaysia, Italy and Egypt, which compensated for the deterioration seen in Turkey and China and the negative impact of the depreciation of some foreign currencies against the Euro. at constant exchange rates, revenue would have amounted to EUR 973.6 million, up 2.7% on the previous year.

Denmark and the other Scandinavian countries posted growth in revenue of EUR 22.4 million compared to 2014, driven by stronger earnings in Denmark and Sweden, which fully offset the weak performance in Norway. In Denmark, revenue increased by around 10% as a result of higher sales volumes of cement (+7.5%) and ready-mixed concrete (+14.7%), driven by the residential building sector and the rapid progress of public infrastructure projects, facilitated by the mild winter temperatures. In Sweden, revenue in local currency increased by around 28% compared to 2014, thanks to the significant recovery in the public and residential building sector in the Malmö region, where the subsidiary operations are based. In contrast, revenue in local currency fell in Norway by 5.5% compared to 2014, driven down by the drop in sales volumes of ready-mixed concrete (-9.1%), primarily due to the contraction in the residential building sector. In addition, the depreciation of the Norwegian Krone against the Euro (-7.2% compared to the average exchange rate in 2014) further reduced revenue's contribution to the consolidated financial statements stated in Euros.

In Malaysia, revenue in local currency grew by around 32% compared to 2014 thanks to a significant increase in sales volumes of white cement and clinker (+58.3%) due to the expansion of the plant, which enabled increased exports to markets such as Australia, Vietnam and South Korea.

In Egypt, revenue in local currency increased 3.4% compared to the previous year, as a result of higher sales volumes of cement in the domestic market which more than offset the contraction in exports caused by political instability in the Mediterranean and the Middle East. This trend was accentuated in the consolidated financial statements stated in Euros due to the appreciation of the Egyptian pound against the Euro (+9.8% compared to the average exchange rate in 2014), bringing the increase in revenue to EUR 5.5 million.

Italy posted growth in revenue of EUR 2.8 million (+3.1% compared to 2014), driven by higher sales volumes of cement and ready-mixed concrete despite slightly lower prices.

In Turkey, revenue in local currency dropped by around 2.6% compared to 2014, mainly caused by the contraction in sales volumes of cement (-10.7%), resulting from weak demand both in the domestic market and in the traditional export markets. This trend was accentuated by the depreciation of the Turkish Lira

against the Euro (-4.2% compared to the average exchange rate for 2014), bringing the decrease in the revenue generated in Turkey to EUR 23.7 million in the consolidated financial statements stated in Euros.

Lastly, in China, revenue in local currency dropped by 5.2% on the previous year, as a result of the contraction in domestic demand, partially offset by the increase in export sales. However, when stated in Euros, Chinese operations contributed a positive EUR 1.7 million towards the growth in revenue posted in the consolidated financial statements, thanks to the appreciation of the Chinese Yuan against the Euro (+14.7% over the average exchange rate in 2014).

Operating costs totalled EUR 801.3 million, up 2.6% compared to EUR 780.6 million posted in 2014. In particular, the cost of raw materials was up EUR 10.9 million compared to the previous year, totalling EUR 409.7 million. This was mainly a result of the increase in fuel costs in Egypt, higher production volumes in Italy and Malaysia, and costs deriving from the higher volume of aggregates produced in Sweden. These effects more than offset the reduction in costs of raw materials in Turkey caused by lower volumes. Personnel costs amounted to EUR 149.7 million, up 1.4% over 2014, mainly due to the impact of inflation on employee remuneration in high-inflation countries. Other operating costs totalled EUR 241.9 million, up 3.3% compared to the previous year, due to higher fixed production costs and around EUR 1.6 million of non-recurring charges connected with due diligence activities. However, at constant exchange rates, these costs would have amounted to EUR 804.0 million, with EUR 2.7 million attributable to the positive exchange rate effect of the depreciation of some foreign currencies against the Euro.

EBITDA reached EUR 194.0 million, up EUR 1.6 million on 2014 (EUR 192.4 million). This result was positively affected by non-recurring items due to the revaluation of land in Turkey worth approximately EUR 15 million (EUR 12 million in 2014). Therefore, net of these non-recurring items, EBITDA would have been around EUR 179.0 million, essentially in line with the previous year. The EBITDA margin came to 20.0% (20.3% in 2014); net of the aforementioned positive non-recurring items, the margin would have been 18.5% in 2015 and 19.0% in 2014. At constant exchange rates, EBITDA would have been EUR 197.0 million, up EUR 4.6 million on 2014.

EBIT – net of amortisation, depreciation, impairment losses and provisions totalling EUR 96.4 million – amounted to EUR 97.6 million, down 6.2% compared to 2014 (EUR 104.1 million), due to non-recurring impairment losses and provisions of EUR 12.2 million. Therefore, the net positive impact of non-recurring items on EBIT fell to approximately EUR 2 million. At constant exchange rates, EBIT would have been EUR 100.2 million, down EUR 3.9 million on 2014.

Net financial income totalled EUR 4.0 million, an improvement of EUR 8.6 million on the previous year's expense of EUR 4.6 million. This was driven by the revaluation of financial instruments held to hedge commodity, exchange rate and interest rate risk, and the progressive decrease in the cost of money, as well as the improvement in the performance of equity-accounted associates.

Profit before taxes improved by 2.2% from EUR 99.5 million in 2014 to EUR 101.6 million in 2015, driven by net financial income which offset the reduction in EBIT.

Profit for the year amounted to EUR 75.1 million (EUR 78.7 million in 2014), net of income taxes equal to EUR 26.5 million which were up on the previous year (EUR 20.8 million) mainly because of the recalculation of the deferred tax assets and liabilities of the companies within the Italian tax consolidation scheme under the new IRES tax regime in force in Italy starting in 2017.

Group net profit, once non-controlling interests were accounted for, amounted to EUR 67.5 million (EUR 71.6 million in 2014).

Financial highlights

(EUR'000)	31-12-2015	31-12-2014
Net capital employed	1,353,192	1,401,632
Total Equity	1,131,105	1,123,301
Net financial debt♦	222,087	278,331

Net financial debt at 31 December 2015 totalled EUR 222.1 million, an improvement of EUR 56.2 million compared to the figure at 31 December 2014, driven by positive cash flow from operating activities, less around EUR 61 million in capital expenditure and dividend payments totalling EUR 15.9 million, which were EUR 3.2 million higher than the dividends paid in 2014.

Total equity at 31 December 2015 amounted to EUR 1,131.1 million (EUR 1,123.3 million at 31 December 2014).

♦ Net financial debt (see note 17 to the consolidated financial statements) has been calculated in accordance Consob communication DEM/6064293 of 28 July 2006.

Financial indicators

The table below reports key performance and financial indicators considered most relevant in providing a summary picture of the performance and financial position of Cementir Holding Group.

PERFORMANCE INDICATORS	2015	2014	COMPOSITION
Return on Equity	6.64%	7.01%	Profit/Equity
Return on Capital Employed	7.22%	7.43%	EBIT/(Equity + Net Financial Debt)

FINANCIAL INDICATORS	2015	2014	COMPOSITION
Equity Ratio	61.16%	59.96%	Equity/Total Assets
Net Gearing Ratio	19.63%	24.78%	Net Financial Debt/Equity

Performance indicators reflect the slight reduction in profitability both in terms of EBIT and net profit.
The financial indicators highlight the ongoing improvement of the Group's financial and equity standing.

Key events of the year

2015 ended with EBITDA above the EUR 190 million target thanks to improved performance in Scandinavian countries and Italy, plus the stable contribution of the Far East, which offset the lower earnings in Turkey and Egypt caused by socio-political tensions across the Mediterranean and the Middle East, as well as the negative impact of the depreciation of some foreign currencies.
Net financial debt fell to below the forecast EUR 230 million, thanks to cash flow from operating activities and control of working capital and investments; this brought the debt ratio (net financial debt/EBITDA) to 1.1 (1.4 in 2014).
In July, as part of plans to restructure the Group's equity investments, Cementir Holding SpA transferred a 12.8% shareholding in the Turkish subsidiary Cimentas AS to the Danish Aalborg Portland group, wholly owned by Cementir Holding SpA. As a result of the transfer, the Aalborg Portland group holds the entire 97.8% Group stake in Cimentas.
The Group has also substantially completed an investment in Egypt that will enable the use of petroleum coke as the main fuel source commencing as of 2016. This will result in overcoming current fuel supply shortages, reducing production costs and improving the plant's production capacity.
Lastly, on 29 December 2015, the Board of Directors of Sacci SpA resolved to include Cementir Italia SpA's offer for the acquisition of one of Sacci's business divisions in its composition with creditors. The offer, which covers Sacci's operations in the cement, ready-mixed concrete and transport sectors, was submitted by the subsidiary Cementir Italia SpA on 26 November 2015.

Sacci is a company operating in Italy in the production of cement and ready-mixed concrete and the production and sale of hydraulic binders; it is the fifth largest operator in the industry in Italy. The business division includes five cement production facilities in the central and northern regions of Italy (Testi-Greve in Chianti, Castelraimondo, Cagnano Amiterno, Tavernola Bergamasca, and Livorno), three distribution terminals in Manfredonia, Ravenna and Vasto, ready-mixed concrete plants mainly located in central Italy, the transport service, and the equity interests in the consortium companies Energy for Growth and San Paolo and the Swiss-registered company Fenicem SA.

The business division generated net revenues of around EUR 98 million in 2014 and its potential acquisition will enable the Group to shift its main focus of production and distribution towards central and northern Italy, covering new market areas offering higher growth potential in the medium to long-term and greater profitability. The acquisition will also generate industrial synergies linked to the streamlining of the distribution network for the new facilities and those already belonging to the Group, enabling it to respond to any recovery in the Italian market with a broader and more efficient industrial base. The largest synergies are expected to come from the operational side in the area of sales, purchasing and logistics.

The price for the acquisition of the business division has been set at EUR 125 million and includes an initial component, which will be paid by Cementir Italia upon the closing when the business division transfer is made, and a deferred component, which will be paid 24 months after the closing. The initial component of the price may be subject to adjustment triggered by any changes occurred in selected items of the related balance sheet between the date the offer is based on and the effective date of transfer of the business division.

Sacci's composition with creditors will be submitted to the vote of the creditors at the hearing set by the Court. If approved by Sacci's creditors, the composition with creditors will then be subject to endorsement by the Court of Rome.

The transaction is conditional upon several events including the endorsement of the composition with creditors and authorisation from the Italian Anti-Trust Authority.

The closing of the transaction is expected to take place in the first half of 2016.

Performance by geographical segment[1]

Denmark and other Scandinavian countries

In Denmark and the other Scandinavian countries, the Group recorded EUR 464.2 million in revenue (EUR 441.8 million in 2014), EUR 102.5 million in EBITDA (EUR 93.6 million in 2014) and EUR 76.3 million in EBIT (EUR 66.5 million in 2014). The EUR 22.4 million increase in revenue derives from higher sales volumes of cement, ready-mixed concrete and aggregates in Denmark and Sweden, which compensated for the weakness of the Norwegian market. Specifically, in Denmark, sales revenue increased around 10% compared to 2014 as a result of growth in sales volumes with stable prices in the domestic market and higher prices in export markets. This performance was helped by mild winter temperatures that have enabled rapid progress on infrastructure projects such as the Metro in Copenhagen. In Sweden there was an increase in revenue in local currency of about 28% due to the significant increase in sales volumes of ready-mixed concrete and aggregates (+24.8% and +20.6% compared to 2014) driven by numerous public works in the Malmö area, such as hospitals and railway stations. In Norway, by contrast, there was a 5.5% decrease in revenue in local currency due to the 9.1% fall in sales volumes of ready-mixed concrete compared to 2014, caused by the contraction of the residential building sector in the Oslo urban area and the completion of a number of major infrastructure projects.

The overall increase in revenue, combined with rigorous control of fixed costs of production, generated an increase in EBITDA of EUR 8.9 million compared to 2014 and brought the EBITDA margin to 22.1%, equating to a 1.0% improvement in industrial profitability compared to the previous year.

Finally, investments of about EUR 21.1 million were made, comprising EUR 12.9 million in the cement sector, mainly relative to adjustments and improvements to kilns and mills and investments to increase the use of alternative fuel, and EUR 8.2 million in the ready-mixed concrete sector mainly for extraordinary maintenance on production plants and on transport vehicles.

Egypt

In Egypt, the Group recorded EUR 53.3 million in revenue (EUR 47.8 million in 2014), EUR 11.4 million in EBITDA (EUR 12.7 million in 2014) and EUR 7.1 million in EBIT (EUR 8.9 million in 2014).

The EUR 5.5 million increase in revenue benefited from the appreciation of the Egyptian pound against the Euro (+9.8% compared to the average exchange rate in 2014); revenue in local currency was up 3.4% compared to the previous year due to the increase in cement sales quantities (+4.5% on 2014) driven by the good performance of the local market, which offset the difficulties in export sales, severely influenced by the political instability that continues to affect many countries in the Mediterranean and the Middle East.

[1] The amounts shown in this paragraph are expressed net of intragroup transactions and reflect their contribution by geographical segment to the consolidated figures.

EBITDA fell by EUR 1.3 million, influenced by the increase in variable costs of production deriving from higher fuel costs. The EBITDA margin came to 21.4% showing company profitability in line with the Group average, even though it operates in a highly complex scenario.
Investments in 2015 totalled EUR 13.2 million, mainly relating to an investment on the plant which will enable the use of petroleum coke as the main fuel source commencing as of 2016, overcoming current fuel supply and cost issues.

Far East

The Group operates in China and Malaysia through its two white cement plants.
In China, the Group recorded EUR 39.5 million in revenue (EUR 37.8 million in 2014), EUR 10.3 million in EBITDA (EUR 9.4 million in 2014) and EUR 6.6 million in EBIT (EUR 6.4 million in 2014).
The growth in revenue is due to the sharp appreciation of the Chinese Yuan against the Euro (+14.7% over the average exchange rate in 2014); indeed, revenue in local currency dropped by 5.2% compared to last year, as a result of the contraction in domestic demand, only partially offset by the increase in export sales.
Operating costs in local currency fell by 6.7% on 2014 benefiting from the savings achieved on procurement of raw materials.
EBITDA increased by EUR 0.9 million on the previous year thanks to the appreciation of the Chinese Yuan against the Euro and the reduction in production costs; the EBITDA margin came to 26.1% showing excellent company profitability even in a period of contraction of the domestic market.
Investments in China in 2014 totalled approximately EUR 0.6 million, mainly relating to plant maintenance.
In Malaysia, the Group recorded EUR 38.0 million in revenue (EUR 28.8 million in 2014), EUR 6.7 million in EBITDA (EUR 5.0 million in 2014) and EUR 3.7 million in EBIT (EUR 3.0 million in 2014).
Revenue increased by EUR 9.2 million compared to the previous year thanks to the significant increase in the tons of cement and clinker sold (+58.3% on 2014) due to the full use of the plant's production capacity, which was increased in 2014 and generated a significant increase in exports to markets such as Australia, Vietnam and South Korea. Operating costs were up EUR 8.4 million compared to 2014 due to the increase in variable costs connected to higher production quantities and fixed costs incurred in the first quarter of the year before achieving full plant operations.
EBITDA increased by EUR 1.7 million compared to the previous year and the EBITDA margin came to 17.6% (17.4% in 2014). The changes commented above were not influenced by the exchange rate, since in 2015 the average exchange rate of the Malaysian Ringgit against the Euro was essentially in line with 2014.
Investments in Malaysia in 2015 totalled approximately EUR 1.5 million, mainly relating to the completion of the investment to expand the production facility.

Turkey

In Turkey the Group operates in the production and sale of cement and ready-mixed concrete and waste management. In 2015, it posted EUR 228.7 million in revenue (EUR 252.5 million in 2014), EUR 59.8 million in EBITDA (EUR 69.9 million in 2014) and EUR 25.5 million in EBIT (EUR 47.9 million in 2014).

The 9.4% fall in revenue derives mainly from the lower quantity of cement sales (-10.7% compared to 2014) and the depreciation of the Turkish Lira against the Euro (-4.2% compared to the average exchange rate in 2014). Revenue in local currency dropped by 2.6% compared to the previous year, mainly caused by the contraction in demand for cement in the domestic market – influenced by unfavourable winter conditions and political uncertainty in the country – and by lower sales in export markets, affected by unrest in various countries in the Mediterranean and the Middle East. Revenue in the ready-mixed concrete segment, however, were in line with the previous year as a result of increased sales volumes, despite lower sales prices. In the *waste management* sector – despite the reduction in the sales price of recycled plastics caused by the significant decline in oil prices – there was a slight increase in revenue due to the start-up of the solid urban waste treatment facility in Kömürcüoda, near Istanbul, after completion of the development phase in the first half of 2014.

Operating costs in local currency fell by 4.2% compared to 2014 thanks to the reduction both in variable costs, due mainly to the decrease in fuel purchase prices, as well as fixed costs of production, as a result of continuous improvement in industrial efficiency by management.

EBITDA stood at EUR 59.8 million, posting a drop of 14.4% on 2014, when it was EUR 69.9 million; EBITDA was positively affected by non-recurring items worth approximately EUR 15 million in 2015 (EUR 12.0 million in 2014) related to the revaluation of non-operating lands of Cimentas. The EBITDA margin, net of the aforementioned non-recurring items, came to 19.6% (22.9% in 2014). At constant exchange rates, EBITDA would have been EUR 62.3 million, down EUR 7.6 million on 2014.

EBIT amounted to EUR 25.5 million, due to non-recurring impairment losses and provisions of EUR 12.2 million, mainly refer to the impairment loss of the Cash Generating Unit (CGU) Hereko, net of which it would have been EUR 37.7 million.

Investments in Turkey during 2015 totalled EUR 17.7 million, of which EUR 14.8 million in the cement business, EUR 0.8 million in the ready-mixed concrete business, and EUR 2.1 million in the waste management business. In particular, in the cement business, investments related both to maintenance of kilns and grinding mills, as well as direct interventions to obtain greater production efficiencies through the use of alternative fuels. Investments in the ready-mixed concrete business related mainly to adapting machinery to improve plant production capacity. Lastly, investments in the waste management sector mainly related to the completion of the solid urban waste treatment facility owned by the subsidiary Hereko (around EUR 1.8 million), located in Kömürcüoda, near Istanbul.

Italy[2]

In Italy, the Group operates in the production and sale of cement and ready-mixed concrete. In 2015 it posted EUR 92.7 million in revenue (EUR 89.9 million in 2014), EUR 5.0 million in EBITDA (negative EUR 0.4 million in 2014) and negative EUR 15.8 million in EBIT (negative EUR 25.7 million in 2014).

Italy posted growth in revenue of 3.1% compared to 2014, driven by higher sales volumes of cement and ready-mixed concrete despite slightly lower prices; domestic demand showed timid signs of recovery, also benefiting from the favourable weather conditions in the final quarter of the year.

EBITDA improved by EUR 4.6 million compared to the previous year, also thanks to careful management control of fixed and variable costs.

EBIT of negative EUR 15.8 million was an improvement compared to the previous year, as it was not affected by the approx. EUR 5 million in non-recurring impairment losses and provisions that influenced the 2014 figure.

Investments in 2015 totalled about EUR 3.1 million, mainly relating to incremental maintenance on production plants for cement (EUR 2.9 million) and ready-mixed concrete (EUR 0.2 million).

Rest of the world

The Group is also present in the United States (sale of white cement and production of concrete products), Poland and Russia (through companies that sell cement produced in other countries) and the United Kingdom (with companies active in the waste management business). In these geographic areas, the Group recorded EUR 52.7 million in revenue in 2015 (EUR 49.5 million in 2014), EUR 0.6 million in EBITDA (EUR 1.9 million in 2014) and negative EUR 2.7 million in EBIT (negative EUR 1.8 million in 2014).

Investments in 2015 totalled EUR 1.7 million, mainly relating to improvements to solid urban waste treatment facilities operated by the companies active in the United Kingdom (EUR 1.1 million).

Investments

Investments totalling about EUR 61.3 million were made in 2015. The breakdown by business segment shows that EUR 46.5 million was invested in the cement business, EUR 9.2 million in the ready-mixed concrete business, EUR 3.2 million in the waste management business and EUR 2.4 million in the IT systems of the holding company. The breakdown by asset class instead shows that EUR 57.3 million was invested in property, plant and equipment, while EUR 4.0 million was invested in intangible assets.

[2] Does not include the results of Cementir Holding SpA.

Business outlook

For the current year, the Group expects to achieve EBITDA of around EUR 190 million and a net financial debt of about EUR 180 million, with planned capital expenditures of around EUR 65-70 million.

These forecasts are based on conservative assumptions, especially as regards Turkey, where the geopolitical situation remains highly unstable, with possible repercussions on the Turkish Lira. An average Euro/Turkish Lira exchange rate of 3.56 was used to develop these forecasts. Compared to all the average estimated exchange rates used for 2015, the effect of the assumptions on 2016 exchange rates can be quantified in a reduction in EBITDA of around EUR 10 million.

The Group expects to see an increase in sales volumes both of cement (in particular in Scandinavia, Egypt and Malaysia) and ready-mixed concrete (in particular in Turkey and Italy), as well as an improvement in the operations of the companies active in waste treatment in Turkey and the UK, a reduction in fixed costs and efficiencies in the cost of energy.

Innovation, research and development

Innovation, research and development are fundamental to the Cementir Holding group and have the dual aim of improving product quality and cutting production costs. The Group's capacity for innovation is aided by close cooperation with our customers and main stakeholders, both in the traditional cement and ready-mixed concrete sectors and the waste management sector. Innovation activities are decided and monitored by an Innovation Committee, chaired by the Chairman of Cementir Holding and comprising the Group's top managers. Information on the innovative methodologies used by the various operating companies in relation to products and production processes is shared within the Committee on an ongoing basis.

Against this context, the Continuous Improvement programme is being used to stimulate better performance in industrial, commercial and administrative processes across all the Group's operating companies. Since 2011, 300 people have participated in Lean-Six Sigma (LSS) training courses held by the Group; the courses are divided between specialist courses for Project Managers (Green or Black Belt) in international classes, Project Sponsors (C-Level) and introductory courses on Continuous Improvement methodologies (Yellow Belts). As at 31 December 2015, there were 72 project managers with Lean-Six Sigma certification (Green or Black Belts), of which 20 awarded in 2015. The portfolio of projects is

systematically planned, coordinated and monitored by Management using a single specially developed global IT platform. In 2015, projects conducted using Continuous Improvement methodology contributed EUR 7.7 million to EBITDA.

All this contributes, through a shared language and methodology, to the process of multinational integration and spreading the culture of *Operational Excellence.*

Cement and ready-mixed concrete

Cement and ready-mixed concrete R&D centres are run by Aalborg Portland in Aalborg (Denmark), by Cimentas in Izmir (Turkey) and by Cementir Italia in Spoleto (Italy). The centres are located near the main production facilities to facilitate close collaboration between R&D specialists, including engineers, chemists, geologists, industrial technicians and product technicians. The activities of these centres are aimed at improving the product quality, production process efficiency and related environmental issues through study and research into cement and ready-mixed concrete as well as on raw materials and fuels used in the production process, as well as to support commercial activity.

Innovation focuses primarily on developing production processes that minimize CO_2 emissions from the cement production cycle and on expanding the portfolio of value-added products. The goal is to continuously reduce emissions of CO_2 deriving from cement production, by using locally available raw materials combined with different compositions of clinker and by making increasing use of alternative fuels instead of fossil fuels.

Waste management

The Group's investments in the waste management industry began in 2009 and have continued in 2015. The aim is to create value from waste management both by contributing to cement sector activities, through greater use of alternative fuels, and by protecting the environment through lower emissions of CO_2 and proper disposal of waste in order to prevent pollution and contamination.

The Group operates in the management of solid urban waste through its Turkish subsidiary Hereko, in the management of industrial solid waste through its Turkish subsidiary Sureko, and finally in the management and disposal of industrial and urban waste through the British subsidiary Neales Waste Management Group.

During 2015, Hereko invested about EUR 1.8 million to complete the expansion and performance improvement of its waste management facility. The plant became fully operational at the end of 2012, in accordance with the 25-year agreement signed with the municipality of Istanbul for urban solid waste management; it has a mechanical treatment section, a biological drying plant to dry the biodegradable part of urban solid waste and a refinery to transform the bio-dried material into alternative solid fuel. The investment completed in 2015 will enable the processing of the entire biodegradable portion of the 2,000 tons/day of solid urban waste provided under the contract and also enable the recovery of recyclable materials and the production of good-quality alternative solid fuel. However, the improvement in Hereko's profitability will also depend on tariff regulation policies for the disposal of solid urban waste currently under discussion in Turkey.
As regards industrial waste management, in 2015 the Turkish subsidiary Sureko continued to supply alternative fuel to Cimentas' Izmir cement production plant as well as third-party industrial companies. It also took advantage of the greater flexibility of the bio-drying plant achieved thanks to investments over previous years, which led to an improvement in all the main financial indicators compared to 2014.
Finally, at the Neales Waste Management Group, during 2015 around EUR 0.8 million was invested to finalise the installation at the facility in Blackburn, United Kingdom, of an automatic processing system enabling more efficient sorting of materials for the generation of alternative fuel, thereby minimising the use of landfill. Performance in 2015 was essentially in line with the previous year. However, the investments made during the year will produce significant benefits in terms of profitability and sustainability over the long term use of the waste treatment site.

Information technology

In 2015, the Group continued to make improvements on Information Technology, investing in applications, infrastructure and processes.
In terms of applications, the most important activity was the completion of the *G.En.I.U.S.* project for the global standardisation of investment project management: in 2015, this function was successfully installed at all Group companies. Another important step in terms of applications was the extension to the Aalborg Portland group of the Hyperion Financial Management functionalities on the same platform used by Cementir Holding to manage the separate and consolidated financial statements. During 2015, moreover, the *Salesforce* application – which was successfully tested in 2014 by the subsidiary Unicon – was also installed at the subsidiaries in Norway, Turkey and Italy. Further installations are planned during the course of 2016 for Denmark, Malaysia and China.

From the infrastructure and process point of view, significant investments were made to increase the quality of the services offered and infrastructure security. Most notably these included the creation of an Application Maintenance Service to carry out all major IT operations within the Group, with pre-defined service levels and the capacity to meet the requirements of users around the world. The process of outsourcing the information systems of the Cimentas group to a data centre in Istanbul was completed during 2015, and the same process was begun to outsource the information systems of the subsidiary Cementir Italia.

Human resources, safety and environment

At 31 December 2015, the Group had a workforce of 3,032 employees, 21 less than the 3,053 employees recorded at the end of 2014. The reduction in the workforce is mainly due to certain corporate reorganisations involving the Italian and Turkish operating companies.

Organisational structure and development of human resources

Cementir continues to consolidate Group structures, which operate in 16 countries and 5 continents, with a view to increasing human resource integration and securing organisational improvements. The model developed in recent years has led to the creation of a system of professional families, and the regional control structures established have helped to streamline decision-making processes and optimise operating costs for further business development.

On the basis of this model, the Group has embarked on a further development stage to streamline the organisational structure and secure even greater integration between corporate headquarters and regional areas where the companies are located. This has been achieved by strengthening the powers of the CEO and by establishing an organisational system grouped under three main geographic areas: the Nordic & Baltic Region, which covers activities in Scandinavia and the United States, the East Mediterranean Region, which covers the Turkish and Egyptian companies, and the Asia Pacific Region, which covers operations in China, Malaysia and Australia.

Thanks to these developments and investments in regional management, the corporate structures can now focus more on strategic growth plans.

At the same time, investments in our people have resulted in significant skills development in terms of continuous improvement, enabling significant professional growth and the successful completion of projects to improve the Group's financial performance. Among the numerous training offerings available to management and company talents, 2015 saw a major investment in the Corporate Management Workshop, which aims to develop leadership skills and advanced collaboration models that take into account the significant geographical, social and cultural diversity of our people.

Industrial relations

The success of our company also depends on the ability to listen to and address the needs and expectations of our stakeholders, including employees and trade unions, with whom we maintain a continuous and structured dialogue, which we see as strategic and essential for the sustainable development of our business. Accordingly, during the year, the Cementir group held its third European Works Council (EWC) meeting in Rome. The EWC is the body of supranational representation for engagement and consultation with employees of EU-wide businesses.

The EWC Agreement expiring in 2015 was renewed with the social partners in December in the presence of the EWC, the European Federation of Building and Wood Workers (EFBWW), and the national trade unions for the sector. The Agreement was signed with the full accord of the parties, following an approach based on reaffirming the importance of this instrument as a key way for employees to come together and share information with the Group's management.

Workplace safety

The health and safety of employees is a primary commitment for the Group. The methods adopted to improve our performance consist of continuous training, both on specific health and safety issues and on technical skills for the correct use of machinery, as well as ongoing investments in safety devices and machinery to maintain high quality technology. In 2015, investments in health, safety and the environment totalled EUR 4.4 million; investments over the three years from 2013 to 2015 totalled EUR 24.6 million. The Group's accident frequency index in 2015 was 18.5 (16.4 in 2014) and the lost day rate was 0.32 (0.23 in 2014).

The Group has adopted occupational health and safety management systems that comply with OHSAS 18001 to boost levels of workplace safety. As of 2015, 8 sites were certified to this standard, 5 in the cement sector and 3 in the waste treatment sector. The Group's commitment to sustainable development is illustrated in detail in its Environmental Report, now in its ninth edition.

Environment

The Cementir Holding group pursues sustainable development through its commitment to the ongoing improvement of its financial, environmental and social performance. In 2015, investment decisions were aimed at using the best technologies to harness economic growth to long-term objectives, such as monitoring energy consumption, increasing the use of alternative fuels in production, reducing greenhouse gas emissions and ensuring employees' health and safety.

As regards greenhouse gas emissions, in 2015 the carbon dioxide (CO_2) emissions of Cementir Holding group plants, generated through productive activities, amounted to 6.47 million tons, down compared to 2014 (6.78 million tons). The average amount of CO_2 emitted in 2015 – equal to 723 kilograms per ton of cement equivalent (kg/TCE) – was also down compared to the ratio in 2014 (734 kg/TCE). Nitrogen oxide emissions (NOx), related to the combustion of certain types of fuels, amounted to 9.9 thousand tons, a decrease on the 2014 figure of 10.5 thousand tons. The emissions rate per ton of cement produced (kg/t TCE) was 1.10, which is also an improvement on 2014, when it stood at 1.13.

Financial risk management

Cementir Holding Group is exposed to financial risks in connection with its operations; in particular it is exposed to credit risk, liquidity risk and market risk. Financial risks are managed according to strict organisational procedures, which govern their management and apply to all transactions that give rise to financial assets/liabilities or trade receivables/payables.

At 31 December 2015, the Group's maximum exposure to credit risk totalled EUR 174.1 million, consisting of the carrying amount of trade receivables recognised in the statement of financial position (EUR 178.1 million in 2014). This credit risk, theoretically material, is mitigated by careful assessment procedures on granting credit to individual customers and the fact that there are no major exposures to a limited number of positions. Maximum exposure was also down about EUR 4 million from the previous year due to improved collection times in the main operating areas.

The Group is exposed to *liquidity risk* in connection with the availability of funding and its access to credit markets and financial instruments in general. The Group manages liquidity risk by regularly monitoring expected cash flows and the resulting timeframe for the repayment of debt, liquidity levels and the financial requirements of its subsidiaries, with a view to identifying the most appropriate means of ensuring the most efficient management of financial resources.

Market risk mainly concerns fluctuations in currency and interest rates. No new market risks arose in 2015 compared to those identified in the previous year. Since Group companies operate on a global scale, they are structurally exposed to currency risk on cash flows generated by operating activities and financing activities in currencies other than the functional currency. Specifically, the cement sector is exposed to currency risk in relation to revenue from exports and costs to purchase solid fuel in US dollars. The ready-mixed concrete sector is less exposed as its revenue and costs are in local currency. The Group takes into account the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes.

At 31 December 2015, the Group had a net financial debt of EUR 222.1 million, in relation to which it is exposed to the *risk of fluctuations in interest rates*. The Group purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

Workplace safety risk

The Group mitigates workplace risk by strictly complying with occupational health and safety laws and regulations, as reported earlier.

Key uncertainties and going concern

Beyond that reported in the section on business risks, the Group has the financial resources to carry on its business and is not exposed to uncertainties that cast substantial doubt on its ability to continue as a going concern.

Other information

The Turkish subsidiary Cimentas was informed in January 2016 that it is subject to sanction by the Antitrust Authority together with other cement producers. Cimentas believes it is extraneous to the decision and will take all actions necessary for its cancellation in the various stages of appeal. However, EUR 2.1 million was prudentially allocated to the provision for risks, taking into account the costs related to the various stages of appeal and the legal opinions received.

Annexed to this report is a reconciliation table showing the Group’s profit (loss) for the year and its equity alongside those of the parent company, as per Consob Communication DEM/6064293 of 28/07/2006.

PERFORMANCE OF THE PARENT

The following table shows the parent's key financial statements figures at 31 December 2015:

Earnings

(EUR'000)	2015	2014	Change %
REVENUE FROM SALES AND SERVICES	**17,862**	**17,767**	**0.5%**
Other revenue	1,044	660	58.2%
Personnel costs	(8,615)	(9,031)	-4.6%
Other operating costs	(12,284)	(9,960)	23.3%
EBITDA	**(1,993)**	**(564)**	**-253.4%**
Amortisation, depreciation, impairment losses and provisions	(860)	(487)	76.6%
EBIT	**(2,853)**	**(1,051)**	**-171.5%**
Financial income	7,064	4,491	57.3%
Financial expense	(6,407)	(80,300)	-92.0%
NET FINANCIAL INCOME (EXPENSE)	**657**	**(75,809)**	**100.9%**
PROFIT (LOSS) BEFORE TAXES	**(2,196)**	**(76,860)**	**97.1%**
Income taxes	(1,318)	1,407	193.7%
PROFIT (LOSS) FOR THE YEAR	**(3,514)**	**(75,453)**	**95.3%**

Revenue from sales and services were stable compared to the previous year and refer to consultancy services provided to subsidiaries and royalties on their use of the trademark.

Other revenues were up compared to 2014 as they not only included the usual rental fees from the lease of an investment property, located in Rome, owned by Cementir Holding SpA, but also reflected the capitalized internal costs incurred for the implementation of computer software.

EBITDA of negative EUR 2.0 million, reflected the increase in other operating costs mainly due to non-recurring due diligence expenses of about EUR 1.6 million.

Net financial income totalled EUR 0.7 million, a sharp increase as a result of the positive mark-to-market measurement of the financial instruments held to hedge commodity, exchange rate and interest rate risk. It is noted that the net financial expense in 2014 of EUR 75.8 million reflected the impairment loss of EUR 69.7 million on the investment in Cementir Italia SpA and that, net of this non-recurring item, the net financial expense in 2014 would have been EUR 6.1 million.

The loss for the year was EUR 3.5 million (loss of EUR 75.5 million in 2014), of which EUR 1.4 million due to the recalculation of the deferred tax assets and liabilities under the new IRES tax regime in force in Italy as of 2017.

The net financial position of the Company at 31 December 2015 was positive at EUR 44.1 million, an improvement of EUR 15.7 million compared to the previous year, despite payment of dividends totalling EUR 15.9 million, thanks to the management of the portfolio of equity investments.

The notes to the separate financial statements of Cementir Holding SpA provide a detailed analysis of its financial position and performance.

Financial indicators

Cementir Holding SpA does not have operations and, therefore, its financial indicators are of limited relevance in giving a snapshot of the company's performance.

As for the equity indicators, the equity ratio shown in the table below shows the financial strength of the Parent Company.

FINANCIAL INDICATORS	2015	2014	COMPOSITION
Equity Ratio	73.06%	74.73%	Equity/Total Assets

Other information

With reference to a dispute between the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB) and the Turkish company Cimentas A.S., indirect subsidiary of Cementir Holding SpA, over the intragroup sale price of an equity investment in 2009, in which the CMB called on Cimentas A.S. to demand Cementir Holding SpA and any other companies involved in the Cementir Group to pay back around EUR 100 million Turkish Lira (now equal to around EUR 31 million), we note that the request for a suspension of the decision challenged by Cimentas, which was accepted by Ankara Administrative Court on 26 May 2015, has subsequently been rejected by Ankara Regional Administrative Court on 6 August 2015 for entirely procedural reasons. A decision on the action for dismissal brought by Cimentas AS is still pending on the merits. In the unlikely event that this action is rejected, the issue would in any case solely be relevant between companies of the Cementir Group.

Financial risk management

Cementir Holding SpA is exposed to financial risks in relation to its business activities, in particular, credit risk, liquidity risk and market risk.

In any case, as at 31 December 2015, the company has no material exposure to *credit risk* as its receivables are due mainly from subsidiaries for services provided to them.

The parent is exposed to liquidity risk in connection with the availability of funding and its access to credit markets and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding SpA manages liquidity risk by carefully monitoring cash flows and funding requirements. It has sufficient credit facilities to meet any unforeseen requirements.

Market risk mainly concerns fluctuations in currency and interest rates.

Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Finally, Cementir Holding SpA has floating-rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

Related-party transactions

With regard to related-party transactions, as defined by IAS 24,the Group did not conduct any atypical and/or unusual transactions. All business and financial dealings with related parties were conducted on terms equivalent to those that prevail in arm's length transactions.

The Group did not conduct any significant or material transactions as defined for the purposes of CONSOB regulation No. 17221 of 12 March 2010 concerning related-party transactions.

Note 34 to the consolidated financial statements and note 30 to the separate financial statements provide an analysis of transactions with related parties, as required by Consob resolution No. 15519 of 27 July 2006.

Treasury shares

At 31 December 2015, the parent and its subsidiaries did not hold, either directly or indirectly, shares or units of the controlling entity. They did not purchase or sell such shares during the year.

Corporate governance

The Extraordinary Shareholders' Meeting of 23 February 2015 approved granting a five-year delegation to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code, without exclusion of pre-emption rights, and the consequent amendment of Article 3 of the Articles of Association. The delegation specifically concerns the right for the Board of Directors to increase the share capital, in one or more stages, for consideration, and with partial subscription permitted, through the issue of ordinary shares. The maximum amount of the increase, including any premium, shall not exceed 300 million euros.

At the Shareholders' Meeting held on 21 April 2015, a new Board of Directors was elected for the years 2015–2016–2017, from a single slate of candidates presented by the majority shareholder Calt 2004 S.r.l., consisting of: Francesco Caltagirone, Carlo Carlevaris, Azzurra Caltagirone, Edoardo Caltagirone, Alessandro Caltagirone, Saverio Caltagirone, Mario Ciliberto, Mario Delfini, Riccardo Nicolini, Fabio Corsico, Paolo Di Benedetto (independent director), Veronica De Romanis (independent director) and Chiara Mancini (independent director).

At its first meeting on 23 April 2015, the Board of Directors confirmed the appointment of Francesco Caltagirone as Chairman and Chief Executive Officer and Carlo Carlevaris as Deputy-Chairman and appointed Riccardo Nicolini as General Manager; the Board also appointed an Executive Committee, consisting of Francesco Caltagirone, Riccardo Nicolini and Mario Delfini, a Control and Risks Committee, consisting of Paolo Di Benedetto, Veronica De Romanis and Chiara Mancini, and an Appointment and Remuneration Committee, consisting of Paolo Di Benedetto, Veronica De Romanis, Chiara Mancini and Mario Delfini.

At the same meeting, the Board of Directors checked that the independent directors did in fact meet the requirements to qualify as independent under the Borsa Italiana SpA Corporate Governance Code in force and confirmed the appointment for 2015 of Massimo Sala, the Chief Financial Officer, as Manager responsible for financial reporting.

In addition, the Board of Directors renewed the appointment of Mario Venezia (Chairman), Francesco Paolucci and Franco Doria to the Supervisory Body for the years 2015-2017. The board is tasked with updating and supervising the implementation of and compliance with the Organisational and Control Model adopted by the Company on 8 May 2008 in accordance with Italian Legislative Decree 231/2001.

On 10 December 2015, the Board of Directors approved a reorganisation to make Management's actions more effective. The Group's reorganization is designed to strengthen management at regional level, ensuring more effective coordination of production activities and commercial development of local subsidiaries, and will also allow the parent company to focus on strategic matters and acquisitions to support the growth strategy. As a natural result of the overall reorganisation, as of 1 January 2016, the role of General Manager no longer exists and the Parent Company's organisational functions have all been brought under direct supervision of the Chief Executive Officer.

For more detailed information on the corporate governance system and ownership structure of Cementir Holding SpA, see the Corporate Governance and Ownership Report prepared in accordance with article 123-bis of Italian Legislative Decree 58 of 24 February 1998 (TUF) and published together with the 2015 Report on Operations. The Corporate Governance and Ownership Report is available on the corporate website www.cementirholding.it, in the section *Investor Relations>Corporate Governance*, prepared in accordance with instructions and recommendations of Borsa Italiana SpA.
For information on Cementir Holding SpA's remuneration policy please refer to the Remuneration Report, which is available at the registered office and on the company website www.cementirholding.it. It has been prepared in accordance with the instructions and recommendations of art. 6 of the Corporate Governance Code for listed companies and, as required by art. 123 ter of the TUF, provides information about the policy adopted by the Company on the remuneration of the members of the management and supervisory boards, the compensation paid to members of management and supervisory boards, and information on their shareholdings.

Organisational and Control Model pursuant to Italian Legislative Decree No. 231/2001

On 8 May 2008, the Board of Directors of Cementir Holding SpA approved an Organisational and Control Model based on a careful analysis of the risk of corporate offences in connection with Group operations. The model complies with guidance provided by Italian Legislative Decree No. 231/2001, Italian best practice and Confindustria recommendations.
Specifically, Cementir Holding SpA has adopted a Code of Conduct endorsing the business principles that all company officers and employees, and anyone working with the company in any capacity, are required to comply with, in pursuing company business.
The Supervisory Body – its members renewed for the years 2015–2017 pursuant to Italian Legislative Decree 231/2001 – has continued its task of updating and supervising the implementation of the Organisational and Control Model adopted by the Company.

Management and coordination

Cementir Holding SpA is not managed or coordinated by another company, as it sets its general and operating strategies independently. The company's Board of Directors has sole responsibility for reviewing and approving of strategic, business and financial plans and overseeing the suitability of organisational, administrative and accounting structures.
As such, the conditions indicated in article 37 of CONSOB Market Regulation No. 16191/2007 do not exist.

Exceptions to disclosure obligations of information documents for significant extraordinary transactions

Pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Issuers' Regulations, on 31 January 2013 the Board of Directors of Cementir Holding SpA resolved to exercise the power to derogate from the requirements on the disclosure of the prescribed information documents in the event of significant mergers, demergers, capital increases through contributions in kind, acquisitions and disposals.

Personal data protection pursuant to Italian Legislative decree no. 196/2003

The company ensures the protection of personal data in accordance with laws in force. By repealing article 34.g.1/1-bis of Italian Legislative Decree No. 196/2003 (Data Protection Code), Article 45(c) of Law Decree No. 5 of 9 February 2012 (the "Simplification Decree"), removed the obligation to prepare a data protection statement by 31 March of each year. The amendment also abolished the relative offence of failing to produce the statement, as defined by article 169, and the penalties applicable under article 162.2 of Italian Legislative Decree No. 196/2003.

Events after the reporting period

There are no significant events to report.

Proposed allocation of profit for the year 2015 of Cementir Holding SpA

The Board of Directors proposes that the shareholders:

AT THEIR ORDINARY MEETING:

- approve the Board of Directors' report on the year 2015 and the financial statements as at 31 December 2015;
- carry forward the loss for the year of EUR 3,514,192, subject to subsequent resolutions in the extraordinary session.

AT THEIR EXTRAORDINARY MEETING:

- cover the annual loss of EUR 3,514,192 by drawing on the revaluation reserve pursuant to Law 266/2005;
- do not replenish the revaluation reserve pursuant to Law 266/2005 and therefore permanently reduce it by the EUR 3,514,192 used to cover the loss.

AT THEIR ORDINARY MEETING:

- grant shareholders dividends totalling EUR 15,912,000 at EUR 0.10 per ordinary share, by drawing on retained earnings.

Rome, 10 March 2016

Chairman of the Board of Directors
/s/ Francesco Caltagirone Jr.

Reconciliation of the parent's equity at 31 December 2015 and profit (loss) for the year then ended with consolidated equity and profit (loss)

(EUR'000)	2015 Profit (loss)	Equity at 31 December 2015
Cementir Holding SpA	**(3,514)**	**502,975**
Effect of consolidating subsidiaries	65,926	712,568
Effect of equity-accounting investees	5,065	35,360
Change in reserves	-	(200,186)
Other changes	-	(2,047)
Total owners of the parent	**67,477**	**1,048,670**
Total non-controlling interests	**7,624**	**82,435**
Cementir Holding Group	**75,101**	**1,131,105**

DRAFT CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position*

(EUR '000)	Notes	31 December 2015	31 December 2014
ASSETS			
Intangible assets with a finite useful life	1	33,009	40,780
Intangible assets with an indefinite useful life	2	391,660	407,661
Property, plant and equipment	3	725,336	768,709
Investment property	4	116,145	110,307
Equity-accounted investments	5	23,430	20,342
Available-for-sale equity investments	6	207	213
Non-current financial assets		640	769
Deferred tax assets	20	63,006	69,792
Other non-current assets	11	11,026	8,061
TOTAL NON-CURRENT ASSETS		**1,364,459**	**1,426,634**
Inventories	7	139,954	145,724
Trade receivables	8	174,139	178,084
Current financial assets	9	6,192	5,729
Current tax assets	10	5,973	5,875
Other current assets	11	22,066	17,508
Cash and cash equivalents	12	136,768	93,856
TOTAL CURRENT ASSETS		**485,092**	**446,776**
TOTAL ASSETS		**1,849,551**	**1,873,410**
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,710	35,710
Other reserves		786,363	776,606
Profit (loss) attributable to the owners of the parent		67,477	71,634
Equity attributable to the owners of the parent	13	**1,048,670**	**1,043,070**
Profit (loss) attributable to non-controlling interests		7,624	7,091
Reserves attributable to non-controlling interests		74,811	73,140
Equity attributable to non-controlling interests	13	**82,435**	**80,231**
TOTAL EQUITY		**1,131,105**	**1,123,301**
Employee benefits	14	17,815	17,891
Non-current provisions	15	17,036	18,821
Non-current financial liabilities	17	235,291	255,754
Deferred tax liabilities	20	71,750	83,368
Other non-current liabilities	19	8,672	8,895
TOTAL NON-CURRENT LIABILITIES		**350,564**	**384,729**
Current provisions	15	3,272	1,327
Trade payables	16	180,544	181,587
Current financial liabilities	17	129,756	122,162
Current tax liabilities	18	10,172	12,693
Other current liabilities	19	44,138	47,611
TOTAL CURRENT LIABILITIES		**367,882**	**365,380**
TOTAL LIABILITIES		**718,446**	**750,109**
TOTAL EQUITY AND LIABILITIES		**1,849,551**	**1,873,410**

* Pursuant to CONSOB Resolution No.15519 of 27 July 2006, information about related-party transactions is disclosed in the notes to the consolidated financial statements and the following tables.

Consolidated income statement*

(EUR '000)	Notes	2015	2014
REVENUE	21	**969,040**	**948,013**
Change in inventories	7	(5,627)	(3,922)
Increase for internal work	22	6,014	4,297
Other operating revenue	22	25,934	24,665
TOTAL OPERATING REVENUE		**995,361**	**973,053**
Raw materials costs	23	(409,743)	(398,861)
Personnel costs	24	(149,714)	(147,624)
Other operating costs	25	(241,868)	(234,136)
TOTAL OPERATING COSTS		**(801,325)**	**(780,621)**
EBITDA		**194,036**	**192,432**
Amortisation and depreciation	26	(82,133)	(80,107)
Provisions	26	(2,647)	(804)
Impairment losses	26	(11,611)	(7,436)
Total amortisation, depreciation, impairment losses and provisions		(96,391)	(88,347)
EBIT		**97,645**	**104,085**
Share of net profits of equity-accounted investees	27	5,065	3,215
Financial income	27	9,533	9,355
Financial expense	27	(13,243)	(20,746)
Foreign exchange rate gains (losses)	27	2,643	3,574
Net financial income (expense)		(1,067)	(7,817)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		**3,998**	**(4,602)**
PROFIT (LOSS) BEFORE TAXES		**101,643**	**99,483**
Income taxes	28	(26,542)	(20,758)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**75,101**	**78,725**
PROFIT (LOSS) FOR THE YEAR		**75,101**	**78,725**
Attributable to:			
Non-controlling interests		7,624	7,091
Owners of the parent		**67,477**	**71,634**

(EUR)			
Basic earnings per share	29	**0.424**	**0.450**
Diluted earnings per share	29	**0.424**	**0.450**

* Pursuant to CONSOB Resolution No. 15519 of 27 July 2006, information about related-party transactions is disclosed in the notes to the consolidated financial statements and the following tables.

Consolidated statement of comprehensive income

(EUR '000)	Notes	2015	2014
PROFIT (LOSS) FOR THE YEAR		**75,101**	**78,725**
Other comprehensive income (expense):			
Items that will never be reclassified to profit (loss):			
Actuarial gains (losses) on post-employment benefits	30	(754)	(3,183)
Taxes related to equity	30	163	718
Total items that will never be reclassified to profit (loss)		**(591)**	**(2,465)**
Items that may be reclassified to profit (loss):			
Foreign currency translation differences - foreign operations	30	(48,675)	37,172
Taxes related to equity	30	-	-
Total items that may be reclassified to profit (loss)		**(48,675)**	**37,172**
Total other comprehensive income (expense)		**(49,266)**	**34,707**
OTHER COMPREHENSIVE INCOME (EXPENSE)		**25,835**	**113,432**
Attributable to:			
Non-controlling interests		7,686	13,400
Owners of the parent		**18,149**	**100,032**

Consolidated statement of changes in equity

(EUR '000)	Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Translation reserve	Other reserves: Other reserves	Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
Equity at 1 January 2014	**159,120**	**35,710**	**31,825**	**(280,062)**	**967,708**	**40,124**	**954,425**	**8,038**	**66,946**	**74,984**	**1,029,409**
Allocation of 2013 profit (loss)					40,124	(40,124)	-	(8,038)	8,038		-
Distribution of 2013 dividends					(12,730)		(12,730)		(1,881)	(1,881)	(14,611)
Other changes							-			-	-
Total owner transactions	**-**	**-**	**-**	**-**	**27,394**	**(40,124)**	**(12,730)**	**(8,038)**	**6,157**	**(1,881)**	**(14,661)**
Change in translation reserve				30,176			**30,176**		6,996	6,996	**37,172**
Net actuarial gains (losses)					(1,778)		**(1,778)**		(687)	(687)	**(2,465)**
Total other comprehensive income (expense)	**-**	**-**	**-**	**30,176**	**(1,778)**	**-**	**28,398**	**-**	**6,309**	**6,309**	**34,707**
Change in other reserves					1,343		**1,343**		(6,272)	(6,272)	**(4,929)**
Total other transactions	**-**	**-**	**-**	**-**	**1,343**	**-**	**1,343**	**-**	**(6,272)**	**(6,272)**	**(4,929)**
Profit (loss) for the year						71,634	**71,634**	7,091		**7,091**	**78,725**
Equity at 31 December 2014	**159,120**	**35,710**	**31,825**	**(249,886)**	**994,667**	**71,634**	**1,043,070**	**7,091**	**73,140**	**80,231**	**1,123,301**

(EUR '000)	Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Translation reserve	Other reserves: Other reserves	Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
Equity at 1 January 2015	**159,120**	**35,710**	**31,825**	**(249,886)**	**994,667**	**71,634**	**1,043,070**	**7,091**	**73,140**	**80,231**	**1,123,301**
Allocation of 2014 profit (loss)					71,634	(71,634)	-	(7,091)	7,091		-
Distribution of 2014 dividends					(15,912)		(15,912)		(1,632)	(1,632)	(17,544)
Other changes							-			-	-
Total owner transactions	**-**	**-**	**-**	**-**	**55,722**	**(71,634)**	**(15,912)**	**(7,091)**	**5,459**	**(1,632)**	**(17,544)**
Change in translation reserve				(48,804)			**(48,804)**		129	129	**(48,675)**
Net actuarial gains (losses)					(524)		**(524)**		(67)	(67)	**(591)**
Total other comprehensive income (expense)	**-**	**-**	**-**	**(48,804)**	**(524)**	**-**	**(49,328)**	**-**	**62**	**62**	**(49,266)**
Change in other reserves					3,363		**3,363**		(3,850)	(3,850)	**(487)**
Total other transactions	**-**	**-**	**-**	**-**	**3,363**	**-**	**3,363**	**-**	**(3,850)**	**(3,850)**	**(487)**
Profit (loss) for the year						67,477	**67,477**	7,624		**7,624**	**75,101**
Equity at 31 December 2015	**159,120**	**35,710**	**31,825**	**(298,690)**	**1,053,228**	**67,477**	**1,048,670**	**7,624**	**74,811**	**82,435**	**1,131,105**

Consolidated statement of cash flows

(EUR '000)	Notes	31 December 2015	31 December 2014
Profit (loss) for the year		**75,101**	**78,725**
Amortisation and depreciation	26	82,133	80,107
(Reversals of impairment losses) Impairment losses		(3,763)	(4,618)
Share of net profits of equity-accounted investees	27	(5,065)	(3,215)
Net financial income (expense)	27	1,067	7,817
(Gains) Losses on disposals		(1,951)	(2,564)
Income taxes	28	26,542	20,758
Change in employee benefits		(1,146)	(1,695)
Change in provisions (current and non-current)		(15)	(3,630)
Operating cash flows before changes in working capital		**172,903**	**171,685**
(Increase) decrease in inventories		5,770	(6,182)
(Increase) decrease in trade receivables		2,340	4,745
Increase (decrease) in trade payables		58	2,091
Change in other non-current and current assets and liabilities		(10,059)	(8,483)
Change in current and deferred taxes		(3,836)	(354)
Operating cash flows		**167,176**	**163,502**
Dividends collected		3,960	2,687
Interest collected		2,167	3,676
Interest paid		(9,547)	(11,972)
Other net income (expense) collected (paid)		(1,304)	1,851
Income taxes paid		(31,186)	(29,517)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**131,266**	**130,227**
Investments in intangible assets		(2,309)	(3,200)
Investments in property, plant and equipment		(60,043)	(66,391)
Investments in equity investments and other non-current securities		(2)	-
Proceeds from the sale of intangible assets		-	30
Proceeds from the sale of property, plant and equipment		4,325	3,274
Proceeds from the sale of equity investments and non-current securities		-	-
Change in non-current financial assets		129	71
Change in current financial assets		5,580	(205)
Other changes in investing activities		-	-
CASH FLOWS USED IN INVESTING ACTIVITIES (B)		**(52,320)**	**(66,421)**
Change in non-current financial liabilities		(20,482)	(28,412)
Change in current financial liabilities		6,992	(35,408)
Dividends distributed		(17,543)	(14,608)
Other changes in equity		(5,918)	(6,427)
CASH FLOWS FROM FINANCING ACTIVITIES (C)		**(36,951)**	**(84,855)**
NET EXCHANGE RATE GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS (D)		**917**	**4,179**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**42,912**	**(16,870)**
Opening cash and cash equivalents	12	**93,856**	**110,726**
Closing cash and cash equivalents	12	**136,768**	**93,856**

Consolidated statement of financial position

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(EUR '000)	Notes	31 December 2015 Total	31 December 2015 of which with related parties	31 December 2014 Total	31 December 2014 of which with related parties
ASSETS					
Intangible assets with a finite useful life	1	33,009	-	40,780	-
Intangible assets with an indefinite useful life	2	391,660	-	407,661	-
Property, plant and equipment	3	725,336	-	768,709	-
Investment property	4	116,145	-	110,307	-
Equity-accounted investments	5	23,430	-	20,342	-
Available-for-sale equity investments	6	207	-	213	-
Non-current financial assets		640	-	769	-
Deferred tax assets	20	63,006	-	69,792	-
Other non-current assets	11	11,026	-	8,061	-
TOTAL NON-CURRENT ASSETS		**1,364,459**	-	**1,426,634**	-
Inventories	7	139,954	-	145,724	-
Trade receivables	8	174,139	4,184	178,084	10,360
Current financial assets	9	6,192	4,155	5,729	3,376
Current tax assets	10	5,973	-	5,875	-
Other current assets	11	22,066	-	17,508	-
Cash and cash equivalents	12	136,768	1,720	93,856	1,066
TOTAL CURRENT ASSETS		**485,092**	-	**446,776**	-
TOTAL ASSETS		**1,849,551**	-	**1,873,410**	-
EQUITY AND LIABILITIES					
Share capital		159,120	-	159,120	-
Share premium reserve		35,710	-	35,710	-
Other reserves		786,363	-	776,606	-
Profit (loss) attributable to the owners of the parent		67,477	-	71,634	-
Equity attributable to the owners of the parent	13	**1,048,670**	-	**1,043,070**	-
Profit (loss) attributable to non-controlling interests		7,624	-	7,091	-
Reserves attributable to non-controlling interests		74,811	-	73,140	-
Equity attributable to non-controlling interests	13	**82,435**	-	**80,231**	-
TOTAL EQUITY		**1,131,105**	-	**1,123,301**	-
Employee benefits	14	17,815	-	17,891	-
Non-current provisions	15	17,036	-	18,821	-
Non-current financial liabilities	17	235,291	50,000	255,754	50,000
Deferred tax liabilities	20	71,750	-	83,368	-
Other non-current liabilities	19	8,672	1,864	8,895	1,507
TOTAL NON-CURRENT LIABILITIES		**350,564**	-	**384,729**	-
Current provisions	15	3,272	-	1,327	-
Trade payables	16	180,544	78	181,587	77
Current financial liabilities	17	129,756	-	122,162	18,960
Current tax liabilities	18	10,172	-	12,693	-
Other current liabilities	19	44,138	-	47,611	-
TOTAL CURRENT LIABILITIES		**367,882**	-	**365,380**	-
TOTAL LIABILITIES		**718,446**	-	**750,109**	-
TOTAL EQUITY AND LIABILITIES		**1,849,551**	-	**1,873,410**	-

Consolidated income statement

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

		2015		2014	
(EUR '000)	Notes	Total	of which with related parties	Total	of which with related parties
REVENUE	21	**969,040**	**18,420**	**948,013**	**12,275**
Change in inventories	7	(5,627)	-	(3,922)	-
Increase for internal work	22	6,014	-	4,297	-
Other operating revenue	22	25,934	32	24,665	1,499
TOTAL OPERATING REVENUE		**995,361**	-	**973,053**	-
Raw materials costs	23	(409,743)	-	(398,861)	-
Personnel costs	24	(149,714)	-	(147,624)	-
Other operating costs	25	(241,868)	(2,182)	(234,136)	(2,019)
TOTAL OPERATING COSTS		**(801,325)**	-	**(780,621)**	-
EBITDA		**194,036**	-	**192,432**	-
Amortisation and depreciation	26	(82,133)	-	(80,107)	-
Provisions	26	(2,647)	-	(804)	-
Impairment losses	26	(11,611)	-	(7,436)	-
Total amortisation, depreciation, impairment losses and provisions		(96,391)	-	(88,347)	-
EBIT		**97,645**	-	**104,085**	-
Share of net profits of equity-accounted investees	27	5,065	-	3,215	-
Financial income	27	9,533	259	9,355	253
Financial expense	27	(13,243)	(1,737)	(20,746)	(769)
Foreign exchange rate gains (losses)	27	2,643	-	3,574	-
Net financial income (expense)		(1,067)	-	(7,817)	-
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		**3,998**	-	**(4,602)**	-
PROFIT (LOSS) BEFORE TAXES		**101,643**	-	**99,483**	-
Income taxes	28	(26,542)	-	(20,758)	-
PROFIT FROM CONTINUING OPERATIONS		**75,101**	-	**78,725**	-
PROFIT (LOSS) FOR THE YEAR		**75,101**	-	**78,725**	-
Attributable to:					
Non-controlling interests		7,624	-	7,091	-
Owners of the parent		**67,477**	-	**71,634**	-
(EUR)					
Basic earnings per share	29	**0.424**		**0.450**	
Diluted earnings per share	29	**0.424**		**0.450**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Cementir Holding SpA (the "parent"), a company limited by shares with registered office in Corso di Francia 200, Rome, Italy, and its subsidiaries make up the Cementir Holding Group (the "Group"), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

Based on the shareholder register, the communications received pursuant to article 120 of Italian Legislative Decree 58 of 24 February 1998 and other available information, the following are the shareholders with an investment of more than 2% in the company's share capital at 31 December 2015:

1) Francesco Gaetano Caltagirone – 104,921,927 shares (65.939%). The shareholding is held as follows:
    - Direct ownership of 1,327,560 shares (0.834%)
    - Indirect ownership through the companies:
        - Calt 2004 Srl – 47,860,813 shares (30.078%)
        - Lav 2004 Srl – 40,543,880 shares (25.480%)
        - Gamma Srl – 5,575,220 shares (3.504%);
        - Pantheon 2000 SpA – 4,466,928 shares (2.807%);
        - Vianini Industria SpA – 2,614,300 shares (1.643%)
        - Caltagirone SpA – 2,533,226 shares (1.592%)
2) Francesco Caltagirone 8,000,299 shares (5.028%). The shareholding is held as follows:
    - Direct ownership of 3,170,299 shares (1.992%)
    - Indirect ownership through the company Chupas 2007 Srl 4,830,000 shares (3.035%).

On 10 March 2016, the Board of Directors approved these draft consolidated financial statements at 31 December 2015 and authorised their publication.

Cementir Holding SpA is included in the consolidated financial statements of the Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2015 include the financial statements of the parent and its subsidiaries. The financial statements of the individual companies prepared by their directors were used for the consolidation.

Statement of compliance with the IFRS

These consolidated financial statements at 31 December 2015, drawn up on a going concern basis for the parent and the subsidiaries, have been prepared pursuant to articles 2 and 3 of Italian Legislative Decree No.38/2005 and the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission and in force at the reporting date, as well as the previous International Accounting Standards (IAS). For simplicity purposes, all these standards and

interpretations are referred to herein as “IFRS”. Reference was also made to article 9 of Italian Legislative Decree 38 of 28 February 2005, the provisions of the Italian Civil Code, CONSOB (Italian Securities and Exchange Commission) resolutions 15519 (“Instructions for financial statements implementing article 9.3 of Italian Legislative Decree 38/2005”) and 15520 (“Amendments and additions to the regulation implementing Italian Legislative Decree 58/1998”), both dated 27 July 2006, and CONSOB Communication DEM/6064293 of 28 July 2006 (“Corporate disclosures of listed issuers and issuers with financial instruments traded on the market as per article 116 of the Consolidated Finance Act”).

Basis of presentation

The consolidated financial statements at 31 December 2015 are presented in Euros, the parent’s functional currency. All amounts are expressed in thousands of Euros, unless indicated otherwise. The consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The Group has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit for the period;
- the statement of changes in equity is presented using the changes in equity method;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for captions recognised and measured at fair value based on specific IFRS, as described below in the section on accounting policies.

IFRS have been applied consistently with the guidance provided in the Framework for the Preparation and Presentation of Financial Statements. No departures as per IAS 1.19 have been applied.

Consob Resolution No. 15519 of 27 July 2006 requires that sub-captions be added in the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

Assets and liabilities are presented separately and are not netted.

The parent Cementir Holding SpA has also prepared its separate financial statements at 31 December 2015 in accordance with the IFRS, as defined above.

Standards and amendments to standards adopted by the Group

a) Commencing as of 1 January 2015, the Group has adopted the following new accounting standards:

- IFRIC 21 – *Levies*, which provides an interpretation for IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides guidance on when an entity should recognise a liability for a levy imposed by the government, with the exception of levies covered by other accounting standards (e.g., IAS 12 – *Income Taxes*). IAS 37 outlines the recognition criteria for contingent liabilities, which include the existence of a present obligation on the entity arising from a past event, known as the "obligating event". The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.
- *Defined Benefit Plans:* Employee Contributions (Amendments to IAS 19 Employee Benefits). The amendments introduced to IAS 19 permit (but do not require) contributions paid to employees or third parties to be deducted from the current service cost for the period, where the amount of the contributions is independent of the number of years of service, instead of attributing the amount to the full length of the period in which the service is rendered.
- *Annual Improvements to IFRSs, Cycle 2010–2012.* The amendments contained in the improvements affect:
  - IFRS 2, amending the definition of "vesting condition";
  - IFRS 3, clarifying that contingent consideration classified as an asset or liability should be measured at fair value at each reporting date;
  - IFRS 8, primarily requiring disclosure of the criteria and measurement factors considered when aggregating operating segments, as presented in the financial statements;
  - the Basis for Conclusions of IFRS 13, confirming the possibility of measuring short-term receivables and payables with no stated interest rate at their face value, if the impact of their not being discounted is not material;
  - IAS 16 and IAS 38, clarifying how to measure the total carrying amount of assets, where their restatement is the result of the application of a revaluation method;
  - IAS 24, specifying that an entity is a related party of the reporting entity if the entity (or a member of the group to which it belongs) provides key management personnel services to the reporting entity (or its parent).
- *Annual Improvements to IFRSs, Cycle 2011–2013*. The amendments contained in the improvements affect:
  - the Basis for Conclusions of IFRS 1, clarifying the meaning of "effective" in the IFRSs for first-time adopters;
  - IFRS 3, clarifying scope exceptions for joint arrangements in the financial statements of the arrangements themselves;

- IFRS 13, clarifying that the scope of the portfolio exception contemplated by paragraph 48 of the standard extends to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
- IAS 40, clarifying the interrelationship of IFRS 3 and IAS 40.

b) Standards and interpretations of standards applicable for annual reporting periods starting after 2015 and not early adopted by the Group:

- On 12 August 2014, the IASB published *Equity Method in Separate Financial Statements (Amendments to IAS 27)*. This document was adopted by the European Union through Regulation No 2441 of 18 December 2015. The amendments permit entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments are applicable as of 1 January 2016 or thereafter.
- On 18 December 2014, the IASB published a series of amendments to IAS 1 *Presentation of Financial Statements*, with a view to clarifying certain aspects of disclosure. These amendments were adopted by the European Union through Regulation No 2406 of 18 December 2015. The project was part of the Disclosure Initiative, the objective of which is to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators. These amendments are applicable as of 1 January 2016 or thereafter.
- On 25 September 2014, the IASB published Annual Improvements to IFRSs: Cycle 2012–2014. This document was adopted by the European Union through Regulation No 2343 of 15 December 2015. The amendments introduced affect the following standards: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure*, IAS 19 – *Employee Benefits*, IAS 34 – *Interim Financial Reporting*. These amendments are applicable as of 1 January 2016 or thereafter.
- On 12 May 2014, the IASB published the *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*, with the objective of clarifying that a revenue-based method of amortisation is not considered appropriate because it represents the generation of economic benefits from an asset rather than the consumption of the economic benefits embodied in the asset. This document was adopted by the European Union through Regulation No 2331 of 2 December 2015. The clarifications are applicable starting from annual reporting periods commencing on or after 1 January 2016.
- On 6 May 2014, the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*. This document was adopted by the European Union through Regulation No 2173 of 24 November 2015. The amendments to IFRS 11, applicable starting from annual reporting periods commencing as of 1 January 2016, clarify the most appropriate approach to account for the acquisition of an interest in a joint operation that is a business.

- On 30 June 2014, the IASB published a series of amendments to IAS 16 and IAS 41 concerning bearer plants. The amendments permit bearer plants to be recognised at cost instead of fair value, while continuing to require that harvests be measured at fair value. These amendments are applicable as of 1 January 2016 or thereafter.

The Group has not opted for the early adoption of endorsed standards, interpretations and amendments, whose mandatory application is after the reporting date.

The Group is assessing the possible effects of the application of the new standards and amendments. Based on its preliminary assessment, the Company does not expect their application will have a significant effect on the consolidated financial statements.

c) Standards and interpretations to be applied shortly:

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 24 July 2014, the IASB published the final version of IFRS 9 *Financial Instruments*. The new standard introduces new classification, measurement and derecognition requirements, a new impairment model and a reformed approach to hedge accounting, completing the IASB's project to replace IAS 39. The final version of the standard replaces all earlier versions of IFRS 9. The IASB began the IFRS 9 project in 2008; the project involved a series of phases. In 2009, a first version of IFRS 9 was published, which introduced new classification and measurement requirements for financial assets; classification and measurement requirements for financial liabilities and derecognition rules were added in 2010. IFRS 9 was then amended in 2013 with a reformed model of hedge accounting. In September 2015, the EFRAG completed its due process for the issue of its endorsement advice, which was then submitted to the European Commission. The endorsement advice recommends that all companies apply IFRS 9 starting from 2018, allowing for its optional application by the insurance sector.
- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts*. The standard permits first-time adopters that operate in sectors subject to rate regulation to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. However, it requires that regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required in the notes. As it stands, the European Commission has decided to suspend the Endorsement Process pending the IASB issuing the definitive accounting standard.
- On 28 May 2014, the IASB published IFRS 15 – *Revenue from Contracts with Customers*. The standard provides a single and comprehensive framework for recording revenue and sets out how to treat all contracts with customers (except contracts covered by the standards on leasing, insurance contracts and financial instruments). IFRS 15 replaces the previous standards on revenue: IAS 18 Revenue and IAS 11 Construction Contracts, as well as the interpretations IFRIC 13 Customer Loyalty

Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard identifies criteria for recognising revenue from the sale of goods or the provision of services based on the "five-step model framework", and requires that useful information be provided in the notes to the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. On 11 September 2015, the IASB published the Amendment to IFRS 15 that deferred the entry into force of the standard by one year to 1 January 2018. Early application is in any case permitted. Endorsement by the EU is expected in the second quarter of 2016.

- On 13 January 2016, the IASB published the new standard IFRS 16 – Leases, which replaces IAS 17. IFRS 16 applies as of 1 January 2019. The new standard de facto eliminates the distinction in accounting for operating and financial leases, providing ways to simplify its application. Early application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The EFRAG is expected to conclude its due process in the second half of 2016.
- On 11 September 2014, the IASB published Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), with a view resolving the conflict between IAS 28 and IFRS 10. Under IAS 28, the gain or loss resulting from the sale or contribution of non-monetary assets to a joint venture or associate in exchange for an equity stake in the entity is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In contrast, IFRS 10 requires the recognition of the full gain or loss upon loss of control, even if the entity continues to hold a non-controlling interest in the associate, also in the case of the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced clarify that in the case of the sale or contribution of assets or a subsidiary to a joint venture or an associate, the extent to which the resulting gain or loss is recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary transferred constitute a business, as defined in IFRS 3. If the assets or subsidiary transferred represent a business, then the entity is required to recognise the full gain or loss on the entire equity interest formerly held; if the assets or subsidiary transferred do not constitute a business, only a partial gain or loss is to be recognised in relation to the equity interest still held by the entity. In December 2015 the IASB published an Amendment that indefinitely defers the entry into force of the changes to IFRS 10 and IAS 28.
- On 18 December 2014, the IASB published Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The objective of the amendment is to address three issues relating to the consolidation of investment entities. In July 2015, the EFRAG completed its due process for the issue of its endorsement advice.
- On 19 January 2016, the IASB published a number of amendments to IAS 12 – Income Tax. "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" aims to clarify how to account for deferred financial assets relative to debt instruments measured at fair value. The amendments will become effective as of 1 January 2017. Early application is permitted. Endorsement by the EU is expected in late 2016.

- On 29 January 2016, the IASB published a number of amendments to IFRS 7 – Statement of cash flows. Disclosure Initiative (Amendments to IAS 7) aims to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators. The amendments will become effective as of 1 January 2017. Endorsement by the EU is expected in late 2016.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed.

Basis of consolidation

Consolidation scope

A list of the companies scoped into consolidation at 31 December 2015 is provided in annex 1.

Subsidiaries

The scope of consolidation includes the parent, Cementir Holding SpA, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of potential voting rights is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when control ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually prepared specifically for the purpose and approved by the directors of the individual companies and adjusted, when necessary, to comply with the parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity and in the income statement;
- business combinations where the parent acquires control of an entity are recognised using the acquisition method. The purchase cost is recognised at the acquisition date fair value of the assets acquired, the liabilities assumed and equity instruments issued as at the acquisition date. The acquired assets, liabilities and contingent liabilities are recognised at their acquisition-date fair value. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in profit or loss, if negative;

- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the transferred asset;
- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

Associates and jointly controlled entities

Associates are entities over which the Group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Joint ventures are entities created by contractual agreement, whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are measured using the equity method and are initially recognised at cost. The equity method may be described as follows:

- the carrying amount of the investments equals the Group's share of the investees' equity and includes the recognition of any greater value attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the Group's share of profits or losses is recognised from the date that significant influence, or joint control, commences and until such significant influence or joint control ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any excess in provided for when the Group has a constructive or legal obligation to cover such losses. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;
- significant unrealised material gains and losses on transactions between the parent/subsidiaries and equity-accounted investees are eliminated to the extent of the Group's investment therein. Unrealised losses are eliminated, unless they represent an impairment loss.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the Group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of its derecognition.

Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.

The estimated useful life of the main items of intangible assets with a finite useful life is reported below:

	Useful life of intangible assets with a finite useful life
- Development expenditure	5
- Concessions, licences and trademarks	4-18
- Other intangible assets	5-22

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with a finite useful life. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefore no longer exist.

In the case of an acquisition of a subsidiary or associate, the acquired identifiable assets, liabilities and contingent liabilities are recognised at acquisition-date fair value. Any positive difference between the purchase cost and the Group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets. Any negative difference (negative goodwill) is recognised in profit or loss at the acquisition date.

Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversed.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the Group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractible criterion). When the Group has a specific commitment to do so, it recognises a provision for site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractible
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an unlimited useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.
Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in profit or loss in the year of derecognition.

Investment property

Investment property held to earn rentals or for capital appreciation is measured at fair value and is not depreciated. Any gain or loss in fair value is recognised in profit or loss.
Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach, based on an analysis of a sample of recent sales of similar properties located in the nearby area. The resulting amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by payments under lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the Group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.
The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely separate cash flows.
When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in profit or loss when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.
If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

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

Impairment losses are recognised in profit or loss under amortisation, depreciation and impairment losses.

Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Emission rights

The IFRS do not specifically regulate emission rights (CO_2). The IASB has issued IFRIC 3 – *Emission Rights* for consultation purposes. However, as it was not endorsed by the EFRAG, the IASB subsequently withdrew it. Emission rights are initially recognised as intangible assets at fair value using the cap and trade scheme. They are subsequently measured using the cost model. Emission rights recognised under intangible assets are not amortised but are tested for impairment. At the end of each reporting period, if production requires a greater number of CO_2 allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Financial instruments

Financial assets are classified in one of the following categories upon initial recognition and measured as follows:

- *Available-for-sale financial assets:* these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months from the reporting date. They are measured at fair value and fair value gains or losses are recognised in equity through the statement of comprehensive income. They are recognised in profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to indicate an impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and financial market performance, given high levels of speculation, especially in Italy, the Group has identified a 50% reduction in carrying amount and 60 months as separate parameters for "materiality" and "duration" respectively, for the purposes of determining impairment of available for sale (AFS) securities pursuant to IAS 39.

  Financial assets are derecognised when the right to receive cash flows from the asset has been extinguished and the company has transferred substantially all the risks and rewards of ownership of the instrument along with control. When fair value cannot be determined reliably, AFS financial assets continue to be recognised at cost, adjusted for impairment. Impairment losses are not reversed.
- *Financial assets at fair value through profit or loss:* this category includes financial assets mainly acquired for sale in the short term, those designated at fair value through profit or loss at the acquisition date and derivatives. The fair value of financial instruments quoted on active markets is determined using market prices at the reporting date. If an active market does not exist and there is no market price available for an identical asset, the fair value is determined using a valuation technique that maximises the use of input data observable on the market and minimises the use of non-observable parameters. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Derivatives are treated as assets when they have a positive fair value and as liabilities when they have a negative fair value. The Group offsets positive and negative fair values arising on transactions with the same counterparty, when such offsetting is provided for contractually;
- *Loans and receivables:* these are non-derivative financial instruments, mainly trade receivables, which are not quoted on an active market from which the company expects to receive fixed or determinable payments. They are recognised as current (when the deadline is within ordinary commercial terms) except for those with a deadline of more than 12 months after the reporting date, which are classified as non-current. These assets are measured at amortised cost using the effective interest method. If there is

objective indication of impairment, the asset is impaired to the present value of future cash flows. Impairment losses are recognised in profit or loss. If the reasons for the impairment are no longer valid in future years, the impairment loss is reversed to the amount the asset would have had, had the impairment loss not been recognised and the amortised cost method applied.

Financial assets are derecognised when the right to receive cash flows therefrom has been extinguished and the Group has transferred substantially all the risks and rewards of ownership and the related control.

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, less directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Financial liabilities are derecognised when they are extinguished and the Group has transferred all the risks and obligations related thereto.

Derivatives

The Group uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices.

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

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in profit or loss.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity’s risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge’s effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in profit or loss. In the case of cash flow hedges (hedges designated to offset the risk of changes in cash flows generated by the future execution of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to profit or loss under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately charged to profit or loss. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to profit or loss. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to profit or loss using the above classification method when the originally hedged transaction takes place.

The fair value of financial instruments was calculated used pricing techniques in order to define the present value of future cash flows attributable to such instruments, using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using yield-curve spreads.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees’ rights accrue.

Defined benefit plans include post-employment benefits (TFR) due to employees[1] pursuant to article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law reform, post-employment benefits accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the Group’s liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.

The accounting treatment adopted by the Group[1] since 1 January 2007 (described below) complies with the prevailing interpretation of the new legislation and follows the accounting guidance provided by relevant professional bodies. Specifically:

- Post-employment benefits accruing since 1 January 2007 are considered to be defined contribution plans, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as personnel expense.
- Post-employment benefits vested up to 31 December 2006 continue to be recognised as a Group liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2015 balance did not include future salary increases.

Independent actuaries calculate the present value of the Group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation[2] and employee turnover rate.

As the Group is not liable for post-employment benefits that accrue after 31 December 2006, the actuarial calculation of these benefits excludes the future salary increase component.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligations at the reporting date, due to changes in the actuarial assumptions used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose contingency or amount is unknown at the reporting date.

Accruals to provisions for risks and charges are recognised when the Group has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as a financial expense. The Group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IFRIC 1.

[1] For Italian companies.

[2] Discounting uses the IRS rate curve equal to the term of the relevant observation period (50 years).

Grants

Government and other grants are recognised at their fair value when the Group is reasonably certain they will be received and it will meet all the conditions for their receipt.

Grants for the purchase or development of non-current assets (grants related to assets) are either recognised directly as a reduction in the value of the non-current asset or under other liabilities and charged to profit or loss over the related asset's useful life.

Grants related to income are recognised in full in profit or loss when the conditions for their recognition are met.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and it can be estimated reliably. Revenue is recognised at the fair value of the consideration received net of VAT, discounts, allowances and returns.

Specifically, revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue from the rendering of services is recognised when the services are rendered by reference to the stage of completion of the transaction at the end of the reporting period.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches the cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place at the date of the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current income taxes are determined using an estimate of the tax base and current regulations.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled.

The company recognises deferred tax assets when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in profit and loss except for those related to captions directly recognised in other comprehensive income. They are offset when the taxes are imposed by the same tax authority, the Group has the legal right to offset them and the net balance is expected to be paid.

Other non-income taxes, such as property taxes, are recognised under operating costs.

Earnings per share

(i) Basic: basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.

(ii) Diluted: diluted earnings per share are calculated by dividing the Group's profit by the weighted average of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the Group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency of individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss.

Non-monetary assets and liabilities in currencies other than the functional currency recognised at historical cost are translated using the exchange rate in force at the date the transaction was initially recognised.

Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate in force at the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of Group companies operating outside the Euro zone are translated into Euros using the closing rate for the statement of financial position captions and the average annual rate for the income statement captions. Translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the diverse methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

As provided by IFRS 1, translation differences existing at the date of first-time adoption of IFRS are reclassified to retained earnings under equity.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the Euro are as follows:

	31 December 2015	Average 2015	31 December 2014	Average 2014
Turkish lira – TRY	3.18	3.03	2.83	2.90
US dollar – USD	1.09	1.11	1.21	1.33
British pound – GBP	0.73	0.73	0.78	0.81
Egyptian pound – EGP	8.42	8.47	8.68	9.40
Danish krone – DKK	7.46	7.46	7.44	7.45
Icelandic krona – ISK	141.25	146.31	154.13	154.86
Norwegian krone – NOK	9.60	8.95	9.04	8.35
Swedish krona – SEK	9.19	9.35	9.39	9.10
Malaysian ringgit – MYR	4.70	4.34	4.26	4.34
Chinese renminbi-yuan – CNY	7.06	6.97	7.54	8.17

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements captions that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the Group's consolidated financial statements are the following:

- *Intangible assets with an indefinite life*: goodwill is tested for impairment annually to identify any impairment losses to be recognised in profit or loss. Specifically, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair value less costs to sell; if the fair value of the relative net capital employed is lower than the CGUs' carrying amount, the goodwill allocated to it is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, with potentially significant effects compared to the valuations made by management.
- *Impairment losses on non-current assets*: in accordance with the Group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment when indicators exist showing that recovery of the relative carrying amount through the assets' use is unlikely. Management makes use of subjective judgments based on information available within the Group and on the market as well as past experience to check the existence of these indicators. If there is indication of impairment, the Group determines impairment using valuation techniques deemed suitable. The correct identification of impairment indicators and the estimates used to determine impairment rely on factors that may vary over time, affecting management's judgement and estimates.
- *Amortisation and depreciation of non-current assets*: amortisation and depreciation are significant costs for the Group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful life, which is determined by management when the asset is purchased on the basis of past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. As such, effective useful life may differ from estimated useful life. The Group regularly assesses technological and sector changes, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in profit or loss. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The Group modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the financial position, performance and cash flows of the enterprise.

Changes in accounting policies are recognised retrospectively; the opening balance of each equity component affected for the earliest comparative period presented and other comparative amounts shown for each comparative period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

If a change in accounting policy is required by a new or revised standard, the change is accounted for as required by that new pronouncement or, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. If this is impracticable, it is applied prospectively.

This same approach is applied to material errors. Non-material errors are recognised in profit or loss in the period in which the error is identified.

Changes in estimates are recognised prospectively in profit or loss in the period in which the change takes place, if it only affects that period, or in the period in which the change takes place and subsequent periods, if the change also affects these periods.

Financial risk management

The Group is exposed to financial risks related to its operations, namely:

Credit risk

The Group is not particularly exposed to credit risk, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with suitable credit ratings and guarantees.

Receivables are recognised net of the allowance for impairment, calculated considering the risk of the counterparty's default, based on all available information about the customer's solvency. Therefore, the maximum exposure to credit risk is equivalent to the carrying amount.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

Specifically, the Group monitors and manages its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

It meets its liquidity requirements for investing activities, working capital and the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.

In the current market conditions, the Group expects to maintain its ability to generate cash flows through operating activities. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns currency, interest rate and commodity price risk as the Group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.

The Group monitors the financial risks to which it is exposed regularly so as to assess in advance any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.

The Group's operating activities are exposed differently to changes in exchange rates. Specifically, the cement sector is exposed to currency risk in relation to revenue from exports and costs for the purchase of solid fuel in US dollars. The ready-mixed concrete sector is less exposed as both its revenue and costs are in local currency. The Group assesses the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.

The Group's presentation currency is the Euro. As a result, it is open to currency risk in relation to the translation of the financial statements of consolidated companies based in non-Euro zone countries (except for Denmark whose currency is historically tied to the Euro). The income statements of these companies are translated into Euros using the average annual rate and changes in exchange rates may affect the Euro balances, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 11).

Interest rate risk

As the Group has net financial debt, it is exposed to the risk of fluctuations in interest rates. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

The Group’s operating and financial policies aim to minimise the impact of these risks on its performance.

Commodity price risk

The Group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the parent's internal reporting system for management purposes.

Its operating activities are organised and managed by geographical segments, identified as: Italy, Denmark, Other Scandinavian Countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Spain, Poland, Russia, the United Kingdom and the USA).

The Group's geographical segments consist of the non-current assets of each company based and operating in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the performance of each operating segment at 31 December 2015:

(EUR '000)	**Denmark**	**Turkey**	**Italy**	**Other Scandinavian countries**	**Egypt**	**Far East**	**Rest of the world**	Unallocated items and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenue	329,770	245,634	113,046	185,853	52,893	81,859	54,321	(68,015)	**995,361**
Intra-segment operating revenue	(41,886)	(743)	(15,531)	(4,412)	(1,932)	(2,648)	(863)	68,015	**-**
Contributed operating revenue	287,884	244,891	97,515	181,441	50,961	79,211	53,458	-	**995,361**
Segment result (EBITDA)	**84,603**	**59,806**	**2,786**[3]	**17,868**	**11,417**	**17,003**	**553**	**-**	**194,036**
Amortisation and depreciation, impairment losses and provisions	(20,921)	(34,302)	(21,680)	(5,286)	(4,274)	(6,668)	(3,260)	-	**(96,391)**
EBIT	**63,682**	**25,504**	**(18,894)**	**12,582**	**7,143**	**10,335**	**(2,707)**	**-**	**97,645**
Net profit (loss) of equity-accounted investees	-	-	-	87	-	-	4,978	-	**5,065**
Net financial income (expense)	-	-	-	-	-	-	-	(1,067)	**(1,067)**
Profit (loss) before taxes	-	-	-	-	-	-	-	-	**101,643**
Income taxes	-	-	-	-	-	-	-	(26,542)	**(26,542)**
Profit (loss) for the year	-	-	-	-	-	-	-	-	**75,101**

[3] EBITDA for Italy includes the EBITDA of Cementir Holding SpA for a total of EUR -2.0 million.

The following table shows the performance of each operating segment at 31 December 2014:

(EUR '000)	**Denmark**	**Turkey**	**Italy**	**Other Scandinavian countries**	**Egypt**	**Far East**	**Rest of the world**	Unallocated items and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenue	302,348	276,190	101,010	189,079	45,227	68,025	49,159	(57,983)	**973,053**
Intra-segment operating revenue	(38,319)	(187)	(15,574)	(2,987)	(361)	-	(555)	57,983	**-**
Contributed operating revenue	264,029	276,003	85,436	186,092	44,866	68,025	48,602	-	**973,053**
Segment result (EBITDA)	**74,181**	**69,860**	**(178)**[4]	**19,460**	**12,703**	**14,467**	**1,939**	**-**	**192,432**
Amortisation and depreciation, impairment losses and provisions	(21,180)	(21,918)	(26,637)	(5,930)	(3,836)	(5,084)	(3,762)	-	**(88,347)**
EBIT	**53,001**	**47,942**	**(26,815)**	**13,530**	**8,867**	**9,383**	**(1,823)**	**-**	**104,085**
Net profit (loss) of equity-accounted investees	-	-	-	159	-	-	3,056	-	**3,215**
Net financial income (expense)	-	-	-	-	-	-	-	(7,817)	**(7,817)**
Profit (loss) before taxes	-	-	-	-	-	-	-	-	**99,483**
Income taxes	-	-	-	-	-	-	-	(20,758)	**(20,758)**
Profit (loss) for the year	-	-	-	-	-	-	-	-	**78,725**

The following table shows other data for each geographical segment at 31 December 2015:

(EUR '000)	**Segment assets**	**Segment liabilities**	**[5]Investments in property, plant and equipment and intangible assets**	**Equity-accounted investments**
Denmark	505,764	295,705	16,155	-
Turkey	531,455	83,450	17,657	-
Italy	365,787	225,720	5,507	-
Other Scandinavian countries	108,546	48,802	4,949	1,906
Egypt	150,146	32,277	13,236	-
Far East	123,447	14,491	2,120	-
Rest of the world	64,406	18,001	1,700	21,524
Total	**1,849,551**	**718,446**	**61,324**	**23,430**

[4] EBITDA for Italy includes the EBITDA of Cementir Holding SpA for a total of EUR -0.6 million.

[5] Investments made in the year.

The following table shows other data for each geographical segment at 31 December 2014:

(EUR '000)	Segment assets	Segment liabilities	[5] Investments in property, plant and equipment and intangible assets	Equity-accounted investments
Denmark	488,758	291,349	15,638	-
Turkey	579,229	103,978	23,679	-
Italy	375,162	237,255	3,788	-
Other Scandinavian countries	115,498	53,669	5,585	1,887
Egypt	132,924	28,404	544	-
Far East	121,136	18,655	12,228	-
Rest of the world	60,703	16,799	4,842	18,455
Total	**1,873,410**	**750,109**	**66,304**	**20,342**

The following table shows revenue from third-party customers by geographical segment at 31 December 2015:

(EUR '000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	225,072	87,629	181,637	206,385	30,704	72,228	165,385	**969,040**

The following table shows revenue from third-party customers by geographical segment at 31 December 2014:

(EUR '000)	Denmark	Italy	Other Scandinavian countries	Turkey	Egypt	Far East	Rest of the world	Total
Revenue by customer geographical location	208,897	83,698	185,831	242,867	25,457	66,580	134,683	**948,013**

1) Intangible assets with a finite useful life

At 31 December 2015, intangible assets with a finite useful life amounted to EUR 33,009 thousand (31 December 2014: EUR 40,780 thousand). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). Amortisation is applied over the assets' estimated useful life.

Other intangible assets include a waste management agreement signed in 2011 (for a term of 25 years) with the municipal company of Istanbul (Turkey), with an original consideration of TL 12.1 million (equal to EUR 5.2 million at the acquisition date).

At 31 December 2015, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use, due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.

Key assumptions were based on assessments by management concerning future projections for the sector of reference and an historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:

- WACC of 13.4%;
- Growth rate of 5.5%;
- EBITDA margin between 22% and 37%, in line with company forecasts starting from 2016 onwards.

Impairment testing at 31 December 2015 found a recoverable amount for the CGU of EUR 42.2 million, compared to a carrying amount of EUR 52.3 million. Accordingly, an impairment loss of EUR 10.1 million was recognised under the caption "Impairment losses" (note 26), referred for EUR 6.3 million to other intangible assets and for EUR 3.8 million to plant and equipment (note 3).

(EUR '000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2015	**2,006**	**28,682**	**38,622**	**708**	**70,018**
Increase	-	433	1,881	1,253	3,567
Decrease	-	-	-	-	-
Impairment losses	-	-	(6,295)		(6,295)
Change in consolidation scope	-	-	-	-	-
Translation differences	(14)	488	(949)	(4)	(479)
Reclassifications	-	148	1,206	(787)	567
Gross amount at 31 December 2015	**1,992**	**29,751**	**34,465**	**1,170**	**67,378**
Amortisation at 1 January 2015	**1,353**	**11,886**	**15,999**	**-**	**29,238**
Amortisation	233	1,330	3,726	-	5,289
Decrease	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Translation differences	(9)	113	(262)	-	(158)
Reclassifications	-	-	-	-	-
Amortisation at 31 December 2015	**1,577**	**13,329**	**19,463**	**-**	**34,369**
Net amount at 31 December 2015	**415**	**16,422**	**15,002**	**1,170**	**33,009**

The Group spent approximately EUR 1.6 million on research and development during the year (31 December 2014: EUR 1.3 million), all of which was expensed in the income statement.

(EUR '000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2014	**1,615**	**26,487**	**36,081**	**372**	**64,555**
Increase	407	615	1,798	770	3,590
Decrease	-	(41)	-	-	(41)
Impairment losses	-	-	(1,298)		(1,298)
Change in consolidation scope	-	-	-	-	-
Translation differences	(16)	1,254	771	6	2,015
Reclassifications	-	367	1,270	(440)	1,197
Gross amount at 31 December 2014	**2,006**	**28,682**	**38,622**	**708**	**70,018**
Amortisation at 1 January 2014	**1,104**	**10,445**	**12,912**	**-**	**24,461**
Amortisation	255	1,204	3,147	-	4,406
Decrease	-	(10)	-	-	(10)
Change in consolidation scope	-	-	-	-	-
Translation differences	(6)	247	153	-	394
Reclassifications	-	-	(213)	-	(213)
Amortisation at 31 December 2014	**1,353**	**11,886**	**15,999**	**-**	**29,238**
Net amount at 31 December 2014	**653**	**16,796**	**22,623**	**708**	**40,780**

2) Intangible assets with an indefinite useful life

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2015, the caption amounted to EUR 391,660 thousand (31 December 2014: EUR 407,661 thousand). The following table shows CGUs by macro geographical segment.

				31.12.2015				31.12.2014
(EUR '000)	Turkey	Denmark	Italy	Total	Turkey	Denmark	Italy	Total
Opening balance	**135,900**	**266,583**	**5,178**	**407,661**	**129,906**	**268,075**	**5,178**	**403,159**
Increase	-	-	-	**-**	-	-	-	**-**
Decrease	-	-	-	**-**	-	-	-	**-**
Change in consolidation scope	-	-	-	**-**	-	-	-	**-**
Translation differences	(14,168)	(1,833)	-	**(16,001)**	5,994	(1,492)	-	**4,502**
Reclassifications	-	-	-	**-**	-	-	-	**-**
Closing balance	**121,732**	**264,750**	**5,178**	**391,660**	**135,900**	**266,583**	**5,178**	**407,661**

In line with previous years, the Group tested the three cash generating units (CGUs), to which goodwill had been allocated, for impairment.

CGUs are defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated.

The CGU groupings for the "Turkey" and "Denmark" macro-geographical segments include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants. Specifically, the "Turkey" macro-segment includes the Cimentas Group, Lalapasa, Sureko, Elazig Cimento and Neales. The "Denmark" macro-segment includes the Aalborg Portland Group, Unicon AS and Sinai White Cement Company.

Impairment testing of the "Cimentas" and "Aalborg Portland" CGUs covered cash flows tied to the acquisition of the relative groups and consolidated at Cementir Holding level, to check the goodwill generated upon acquisition by the parent for impairment. Goodwill allocated to the Italian CGU refers to the subsidiary Betontir. Although no specific goodwill is allocated to the subsidiary Cementir Italia, in view of the continued difficulties of the reference market, the Group tested the recoverability of its net capital employed. The test showed that the enterprise value of Cementir Italia is higher than the net capital employed in the company.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five year plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2016 (as approved by the Board of Directors of each subsidiary) and management forecasts for the following two/four years. The terminal values were determined using a perpetual growth rate.

The discount rate applied to the future cash flows was determined for each CGU using a weighted average cost of capital (WACC). Key assumptions to determine value in use were as follows:

	31.12.2015			31.12.2014		
Values in %	**Turkey**	**Denmark**	**Italy**	**Turkey**	**Denmark**	**Italy**
Growth rate of terminal values	4%	1.5%	1.5%	4%	1.5%	1.5%
Discount rate	13.1%	4.9%	6.5%	12.5%	5.2%	6.8%

As a result, neither equity or profit (loss) at 31 December 2015 was affected by impairment losses.

A sensitivity analysis was performed assuming a hypothetical variation in the discount rate (WACC) and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically a reasonable variation in WACC (+/- 5%, 4% and 2%), at the same conditions, would not result in the recognition of any impairment loss for the Turkey CGU, the Denmark CGU and the Italy CGU.

Impairment testing took into consideration performance expectations for 2016; the Group made specific forecasts about its business performance for subsequent years considering the financial and market situation.

The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate.

3) Property, plant and equipment

At 31 December 2015, property, plant and equipment amounted to EUR 725,336 thousand (31 December 2014: EUR 768,709 thousand). Additional disclosures for each category of property, plant and equipment are set out below:

(EUR '000)	Land and buildings	Quarries	Plant and equipment	Other	Assets under construction and advances	Total
Gross amount at 1 January 2015	**433,143**	**44,571**	**1,327,034**	**89,573**	**36,901**	**1,931,225**
Increase	2,677	443	17,401	1,713	35,523	57,757
Decrease	(1,219)	(782)	(2,000)	(6,209)	-	(10,210)
Impairment losses	-	-	(3,825)	-	-	(3,825)
Change in consolidation scope	(181)	204	-	-	-	23
Translation differences	(8,055)	51	(34,287)	(3,140)	(785)	(46,216)
Reclassifications	(3,426)	135	32,864	2,150	(32,639)	(916)
Gross amount at 31 December 2015	**22,942**	**44,622**	**1,337,187**	**84,087**	**39,000**	**1,927,838**
Depreciation at 1 January 2015	**222,933**	**15,440**	**863,641**	**60,502**	**-**	**1,162,516**
Depreciation	11,123	1,035	58,892	5,794	-	76,844
Decrease	(691)	(14)	(1,479)	(5,652)	-	(7,836)
Change in consolidation scope	(158)	181	-	-	-	23
Translation differences	(3,645)	548	(24,064)	(1,883)	-	(29,044)
Reclassifications	(2,669)	(22)	2,709	(19)	-	(1)
Depreciation at 31 December 2015	**226,893**	**17,168**	**899,699**	**58,742**	**-**	**1,202,502**
Net amount at 31 December 2015	**196,049**	**27,454**	**437,488**	**25,345**	**39,000**	**725,336**

(EUR '000)	Land and buildings	Quarries	Plant and equipment	Other	Assets under construction and advances	Total
Gross amount at 1 January 2014	**412,114**	**44,269**	**1,244,691**	**82,923**	**55,208**	**1,839,205**
Increase	1,618	296	15,812	3,003	41,985	62,714
Decrease	(216)	(1,380)	(2,866)	(4,419)	(7)	(8,888)
Change in consolidation scope	-	-	-	-	-	-
Translation differences	12,355	705	25,539	706	883	40,188
Reclassifications	7,275	681	43,858	7,360	(61,168)	(1,994)
Gross amount at 31 December 2014	**433,143**	**44,571**	**1,327,034**	**89,573**	**36,901**	**1,931,225**
Depreciation at 1 January 2014	**207,664**	**13,566**	**798,463**	**57,414**	**-**	**1,077,107**
Depreciation	10,951	1,515	56,806	6,229	-	75,501
Decrease	(95)	(11)	(2,805)	(4,209)	-	(7,120)
Change in consolidation scope	-	-	-	-	-	-
Translation differences	4,428	279	11,991	506	-	17,204
Reclassifications	(15)	91	(814)	562	-	(176)
Depreciation at 31 December 2014	**222,933**	**15,440**	**863,641**	**60,502**	**-**	**1,162,516**
Net amount at 31 December 2014	**210,213**	**29,131**	**463,393**	**29,071**	**36,901**	**768,709**

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2015, a total of EUR 114.9 million of property, plant and equipment (31 December 2014: EUR 107.2 million) was pledged as collateral for bank loans totalling a residual EUR 124.6 million at the reporting date (31 December 2014: EUR 134.7 million).

Contractual commitments in place at 31 December 2015 to purchase property, plant and equipment amounted to EUR 0.5 million (31 December 2014: EUR 2.4 million). The Group did not capitalise borrowing costs in 2015 or in 2014.

4) Investment property

Investment property, totalling EUR 116,145 thousand, is recognised at fair value, as determined on an annual basis using appraisals prepared by independent property assessors.

(EUR '000)	31.12.2015			31.12.2014		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Opening balance	**80,045**	**30,262**	**110,307**	**69,348**	**29,604**	**98,952**
Increase	-	-	**-**	-	-	**-**
Decrease	-	-	**-**	(4,071)	-	**(4,071)**
Fair value gains (losses)	14,934	440	**15,374**	11,590	464	**12,054**
Translation differences	(9,008)	(528)	**(9,536)**	3,178	194	**3,372**
Reclassifications	-	-	**-**	-	-	**-**
Closing balance	**85,971**	**30,174**	**116,145**	**80,045**	**30,262**	**110,307**

At 31 December 2015, approximately EUR 18.6 million of investment property was pledged as collateral on bank loans totalling a residual, undiscounted amount of approximately EUR 8.8 million at the reporting date.

Fair value changes amounted to a gain of EUR 15.4 million from the reappraisal of land and buildings owned by the Cimentas Group, which was recognised in profit or loss in the caption Other operating revenue (note 22).

The fair value of investment property was determined by independent property assessors, with recognised professional qualifications, by considering the prices of comparable properties, the prices in recent transactions or offered on the same market.

5) Equity-accounted investments

This caption shows the Group's share of equity in equity-accounted associates. The carrying amount of these investments and the Group's share of the associates' profit or loss are shown below:

Company	Business	Registered office	Investment %	**Carrying amount**	**Share of profit or loss**
31.12.2015					
Lehigh White Cement Company *Joint Venture*	Cement	Allentown (USA)	24.5%	17,286	4,967
Secil Unicon SGPS Lda	Cement	Lisbon (Portugal)	50%	-	-
Sola Betong AS	Ready-mixed concrete	Risvika (Norway)	33.3%	1,059	114
ECOL Unicon Spzoo	Ready-mixed concrete	Gdansk (Poland)	49%	4,238	272
ÅGAB Syd Aktiebolag	Aggregates	Malmö (Sweden)	40%	847	(27)
EPI UK R&D	Research & development	Trowbridge (UK)	50%	-	(261)
Total				**23,430**	**5,065**

Company	Business	Registered office	Investment %	**Carrying amount**	**Share of profit or loss**
31.12.2014					
Lehigh White Cement Company *Joint Venture*	Cement	Allentown (USA)	24.5%	14,359	2,958
Secil Unicon SGPS Lda	Cement	Lisbon (Portugal)	50%	-	-
Sola Betong AS	Ready-mixed concrete	Risvika (Norway)	33.3%	1,030	118
ECOL Unicon Spzoo	Ready-mixed concrete	Gdansk (Poland)	49%	4,097	350
ÅGAB Syd Aktiebolag	Aggregates	Malmö (Sweden)	40%	856	41
EPI UK R&D	Research & development	Trowbridge (UK)	50%	-	(252)
Total				**20,342**	**3,215**

Note that commencing as of 1 January 2014, the company ÅGAB Syd Aktiebolag is consolidated using the equity method.

No indicators of impairment were identified for these investments.

The Group holds 24.5% of the voting rights in the company Lehigh White Cement Company; the other two shareholders each hold 24.5% and 51% respectively. The joint venture does not have contingent liabilities and the maximum exposure of the Group to the joint venture does not exceed its share of equity. The agreement between the shareholders establishes that all material decisions about the joint venture's activities require the unanimous consent of the parties, which means that all the shareholders have joint control over the company.

Since each of the shareholders has a proportional right to the net assets of the arrangement, Lehigh White Cement Company qualifies as a *joint venture* and, as such, is accounted for using the equity method.

The table below reports the full values of Lehigh White Cement Company:

	Lehigh White Cement Company	
(EUR '000)	**31.12.2015**	**31.12.2014**
Revenue	**125,927**	**98,853**
Profit (loss) for the year	**20,274**	**12,073**
Dividends received from the associate	**3,788**	**2,260**
Assets:	**74,893**	**62,888**
- Non-current assets	*29,678*	*26,672*
- Current assets	*45,215*	*36,216*
Liabilities:	**12,856**	**12,543**
- Non-current liabilities	*3,903*	*2,554*
- Current liabilities	*8,953*	*9,989*
Net assets	**62,037**	**50,345**
Investment %	24.5%	24.5%
Share of equity attributable to the owners of the parent	15,199	12,335
Adjusting entries	-	-
Consolidation differences	2,087	2,024
Value of the equity-accounted investment	**17,286**	**14,359**

6) Available-for-sale equity investments

(EUR '000)	**31.12.2015**	**31.12.2014**
Available-for-sale equity investments *opening balance*	**213**	**210**
Increase	2	-
Decrease	-	-
Fair value gains (losses)	-	-
Change in consolidation scope	-	-
Translation differences	(8)	3
Available-for-sale equity investments *closing balance*	**207**	**213**

No indicators of impairment were identified.

7) Inventories

The carrying amount of inventories approximates their fair value; a breakdown of the caption is shown below:

(EUR '000)	**31.12.2015**	**31.12.2014**
Raw materials, consumables and supplies	83,025	81,453
Work in progress	28,180	34,841
Finished goods	27,947	28,016
Advances	802	1,414
Inventories	**139,954**	**145,724**

Changes were recorded over the period in the different inventory categories as a result of manufacturing processes and sales, the costs of factors of production and the foreign exchange rates used to translate financial statements stated in foreign currencies.

The negative change in raw materials, consumables and supplies, totalling EUR 4,130 thousand (31 December 2014: negative EUR 6,515 thousand) was expensed in the income statement as “Raw materials costs” (Note 23). The negative change in work in progress and finished goods was expensed in the income statement for a total of EUR 5,627 thousand (31 December 2014: negative EUR 3,922 thousand).

8) Trade receivables

Trade receivables totalled EUR 174,139 thousand (31 December 2014: EUR 178,084 thousand) and break down as follows:

(EUR ‘000)		**31.12.2015**	**31.12.2014**
Trade receivables		182,070	180,000
Allowances for impairment		(17,245)	(16,568)
Net trade receivables		**164,825**	**163,432**
Advances to suppliers		5,131	4,292
Trade receivables - related parties	(note 34)	4,183	10,360
Trade receivables		**174,139**	**178,084**

The carrying amount of trade receivables equals their fair value. Trade receivables arise on commercial transactions for the sale of goods and services and do not present significant concentration risks.

The breakdown by due date is shown below:

(EUR ‘000)	**31.12.2015**	**31.12.2014**
Not yet due	130,350	130,779
Overdue:	51,720	49,221
0-30 days	*12,770*	*13,020*
30-60 days	*6,304*	*5,150*
60-90 days	*2,824*	*1,211*
More than 90 days	*29,822*	*29,840*
Total trade receivables	182,070	180,000
Allowances for impairment	(17,245)	(16,568)
Net trade receivables	**164,825**	**163,432**

9) Current financial assets

(EUR ‘000)		**31.12.2015**	**31.12.2014**
Fair value of derivatives		1,326	1,313
Accrued income		-	308
Prepayments		-	2
Loan assets - related parties	(note 34)	4,155	3,376
Other loan assets		711	730
Current financial assets		**6,192**	**5,729**

10) Current tax assets

Current tax assets, totalling EUR 5,973 thousand (31 December 2014: EUR 5,875 thousand), mainly refer to IRES and IRAP payments on account to tax authorities (approximately EUR 3 million), withholdings (EUR 1.8 million) and IRES refunds requested for the non-deductibility of IRAP in previous years (approximately EUR 1 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 11,026 thousand (31 December 2014: EUR 8,061 thousand) and mainly consisted of VAT assets and deposits.

Other current assets totalled EUR 22,066 thousand (31 December 2014: EUR 17,508 thousand) and consisted of non-commercial items. The caption breaks down as follows:

(EUR ‘000)	31.12.2015	31.12.2014
VAT assets	503	3,824
Personnel	355	283
Accrued income	1,157	376
Prepayments	4,666	3,510
Other assets	15,385	9,515
Other current assets	**22,066**	**17,508**

12) Cash and cash equivalents

Totalling EUR 136,768 thousand (31 December 2014: EUR 93,856 thousand), the caption consists of temporary liquidity held by the Group, which is usually invested in short-term financial transactions. The caption breaks down as follows:

(EUR ‘000)		31.12.2015	31.12.2014
Bank and postal deposits		134,417	92,123
Bank deposits - related parties	(note 34)	1,720	1,066
Cash-in-hand and cash equivalents		631	667
Cash and cash equivalents		**136,768**	**93,856**

13) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent at 31 December 2015 totalled EUR 1,048,670 thousand (31 December 2014: EUR 1,043,070 thousand). Profit for the year 2015 attributable to the owners of the parent totalled EUR 67,477 thousand (2014: EUR 71,634 thousand).

Share capital

The share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year.

Translation reserve

At 31 December 2015, the translation reserve had a negative balance of EUR 298,690 thousand (31 December 2014: negative EUR 249,886 thousand), broken down as follows:

(EUR '000)	31.12.2015	31.12.2014	Change
Turkey (Turkish lira – TRY)	(304,284)	(249,978)	(54,306)
USA (US dollar – USD)	3,251	(480)	3,731
Egypt (Egyptian pound – EGP)	(4,107)	(6,110)	2,003
Iceland (Icelandic krona – ISK)	(2,670)	(2,959)	289
China (Chinese renminbi – CNY)	14,456	10,446	4,010
Norway (Norwegian krone – NOK)	(5,046)	(3,235)	(1,811)
Sweden (Swedish krona – SEK)	(14)	(298)	284
Other countries	(276)	2,728	(3,004)
Total translation reserve	**(298,690)**	**(249,886)**	**(48,804)**

Other reserves

At 31 December 2015, other reserves amounted to EUR 1,053,228 thousand (31 December 2014: EUR 994,667 thousand) and consisted primarily of retained earnings, totalling EUR 786,018 thousand (31 December 2014: EUR 728,626 thousand) and the fair value reserve connected to changes in the designation of use of certain items of property, plant and equipment, totalling EUR 56,772 thousand (in line with 31 December 2014).

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 82,435 thousand at 31 December 2015 (31 December 2014: EUR 80,231 thousand). Profit for the year 2015 attributable to non-controlling interests totalled EUR 7,624 thousand (2014: EUR 7,091 thousand).

Subsidiaries with material non-controlling interests

(EUR '000)	Aalborg Portland Malaysia 31.12.2015	Aalborg Portland Malaysia 31.12.2014	AB Sydsten 31.12.2015	AB Sydsten 31.12.2014	Sinai White Portland Cement 31.12.2015	Sinai White Portland Cement 31.12.2014
Revenue	**37,960**	**28,764**	**54,945**	**44,201**	**55,194**	**48,150**
Profit (loss) for the year	**2,156**	**3,193**	**3,545**	**3,340**	**9,926**	**7,185**
- attributable to the owners of the parent	*1,509*	*2,235*	1,555	1,572	*5,672*	*4,106*
- attributable to non-controlling interests	*647*	*958*	1,990	1,768	*4,254*	*3,079*
Other comprehensive income (expense)	(4,219)	781	525	(918)	3,180	3,873
Comprehensive income (expense) for the period	**(2,063)**	**3,974**	**4,070**	**2,422**	**13,106**	**11,058**
Assets:	**48,797**	**54,058**	**46,006**	**43,599**	**150,145**	**132,924**
- Non-current assets	*30,368*	*38,604*	*22,964*	*22,370*	*89,581*	*78,072*
- Current assets	*18,429*	*15,454*	*23,042*	*21,229*	*60,564*	*54,852*
Liabilities:	**7,092**	**10,385**	**22,973**	**22,207**	**39,197**	**34,990**
- Non-current liabilities	*396*	*4,024*	*11,947*	*11,640*	*10,926*	*11,804*
- Current liabilities	*6,696*	*6,361*	*11,026*	*10,567*	*28,271*	*23,186*
Net assets	**41,705**	**43,673**	**23,033**	**21,392**	**110,948**	**97,934**
- attributable to the owners of the parent	*29,193*	*30,571*	*10,844*	*10,071*	*63,396*	*55,959*
- attributable to non-controlling interests	*12,512*	*13,102*	*12,189*	*11,321*	*47,552*	*41,975*
Cash flow from operations	**5,891**	**(5,552)**	**6,749**	**(507)**	**15,115**	**12,095**
Dividends paid to non-controlling interests	**-**	**-**	**1,546**	**1,637**	**-**	**-**

14) Employee benefits

Provisions for employee benefits totalled EUR 17,815 thousand (31 December 2014: EUR 17,891 thousand) and did not change significantly over the year. The caption includes provisions for employee benefits and post-employment benefits.

Where conditions are met for their recognition, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long-term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the 2014–2016 business plan.

Post-employment benefits, for the employees of the Italian companies, are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. This liability qualifies as a defined benefit plan, and as such it is determined using actuarial methods. The actuarial assumptions used for their measurement are summarised below:

Values in %	31.12.2015	31.12.2014
Annual discount rate	1.4%-2%-4.5%	1.6%-3%-4%
Expected return on plan assets	4%	3%
Annual post-employment benefits growth rate	2.62%	2.62%

The amounts disclosed in the statement of financial position were determined as follows:

(EUR '000)	31.12.2015	31.12.2014
Nominal amount of provisions	20,462	19,049
Adjustment for discounting	(2,647)	(1,158)
Employee benefits	**17,815**	**17,891**

Changes in the liability are shown below:

(EUR '000)	31.12.2015	31.12.2014
Net opening balance	**17,891**	**16.260**
Current service cost	1,210	1,524
Financial expense	487	540
Net actuarial (gain) / losses recognised in the year	754	3,185
Change in consolidation scope	-	-
Translation differences	(635)	(93)
Other changes	(178)	-
(Benefits paid)	(1,714)	(3,525)
Net closing balance	**17,815**	**17,891**

15) Provisions

Non-current and current provisions amounted to EUR 17,036 thousand (31 December 2014: EUR 18,821 thousand) and EUR 3,272 thousand (31 December 2014: EUR 1,327 thousand) respectively.

(EUR '000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2015	**16,389**	**1,000**	**2,759**	**20,148**
Accruals	121	2,405	121	**2,647**
Utilisations	(838)	(16)	(20)	**(874)**
Decrease	(752)	(247)	(230)	**(1,229)**
Change in consolidation scope	-	-	-	-
Translation differences	(540)	(110)	91	**(559)**
Reclassifications	(34)	-	-	**(34)**
Other changes	209	-	-	**209**
Balance at 31 December 2015	**14,555**	**3,032**	**2,721**	**20,308**
Including:				
Non-current portion	14,555	704	1,777	**17,036**
Current portion	-	2,328	944	**3,272**

(EUR '000)	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2014	**17,472**	**841**	**4,771**	**23,084**
Accruals	71	320	413	804
Utilisations	(1,682)	(157)	(2,214)	(4,053)
Decrease	-	(8)	(49)	(57)
Change in consolidation scope	-	-	-	-
Translation differences	62	4	117	183
Reclassifications	(6)	-	-	(6)
Other changes	472	-	(279)	193
Balance at 31 December 2014	**16,389**	**1,000**	**2,759**	**20,148**
Including:				
Non-current portion	16,389	671	1,761	**18,821**
Current portion	-	329	998	**1,327**

Provisions for quarry restructuring are allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

Other provisions mainly consist of environmental provisions totalling approximately EUR 1.5 million (EUR 1.3 million at 31 December 2014).

16) Trade payables

The carrying amount of trade payables approximates their fair value; the caption breaks down as follows:

(EUR '000)		31.12.2015	31.12.2014
Suppliers		178,240	177,782
Related parties	(note 34)	78	77
Payments on account		2,226	3,728
Trade payables		**180,544**	**181,587**

17) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR '000)		31.12.2015	31.12.2014
Bank loans and borrowings		185,291	205,754
Non-current loan liabilities - related parties	(note 34)	50,000	50,000
Non-current financial liabilities		**235,291**	**255,754**
Bank loans and borrowings		76,839	40,357
Current portion of non-current financial liabilities		39,016	45,457
Current loan liabilities - related parties	(note 34)	-	18,960
Other loan liabilities		909	1,119
Fair value of derivatives		12,992	16,269
Current financial liabilities		**129,756**	**122,162**
Total financial liabilities		**365,047**	**377,916**

The carrying amount of non-current and current financial liabilities approximates their fair value.

Non-current financial liabilities refer primarily to loan repayments on the 15-year, EUR 150 million loan signed in 2013 by the Danish subsidiary Aalborg Portland A/S.

Derivatives purchased to hedge interest rate, commodity price and currency risks due between January 2016 and December 2025 had a negative fair value of approximately EUR 13 million at 31 December 2015 (31 December 2014: negative approximately EUR 16 million).

Approximately 70.3% of financial liabilities require compliance with financial covenants, which the Group fulfilled at 31 December 2015.

The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR '000)	31.12.2015	31.12.2014
Within three months	62,492	70,510
Between three months and one year	67,264	51,652
Between one and two years	69,907	19,933
Between two and five years	84,193	143,246
After five years	81,191	92,575
Total financial liabilities	**365,047**	**377,916**

(EUR '000)	31.12.2015	31.12.2014
Floating rate	364,722	377,100
Fixed rate	325	816
Financial liabilities	**365,047**	**377,916**

As required by CONSOB Communication No. 6064293 of 28 July 2006, the Group's net financial debt is shown in the next table:

(EUR '000)	**31.12.2015**	**31.12.2014**
A. Cash	631	667
B. Other cash equivalents	136,137	93,189
C. Securities held for trading	-	-
D. Cash and cash equivalents	**136,768**	**93,856**
E. Current loan assets	**6,192**	**5,729**
F. Current bank loans and borrowings	(76,839)	(59,208)
G. Current portion of non-current debt	(29,604)	(36,219)
H. Other current loan liabilities	(23,313)	(26,735)
I. Current financial debt (F+G+H)	**(129,756)**	**(122,162)**
J. Net current financial position (debt) (I-E-D)	**13,204**	**(22,577)**
K. Non-current bank loans and borrowings	**(235,291)**	(255,754)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(235,291)**	**(255,754)**
O. Net financial debt (J+N)	**(222,087)**	**(278,331)**

The financial debt with related parties includes credit positions of EUR 1.7 million (31 December 2014: EUR 1.1 million) and debit positions of EUR 50 million (31 December 2014: EUR 69 million).

18) Current tax liabilities

Current tax liabilities amounted to EUR 10,172 thousand (31 December 2014: EUR 12,693 thousand) and relate to income tax payable, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities, totalling EUR 8,672 thousand (31 December 2014: EUR 8,895 thousand) included approximately EUR 6.8 million of deferred income (31 December 2014: EUR 7.4 million) relating to future benefits from a business agreement which started to accrue from 1 January 2013, of which EUR 3.5 million are expected within the next five years and EUR 3.3 million (31 December 2014: EUR 4.1 million) are expected after five years.

Other current liabilities totalled EUR 44,138 thousand (31 December 2014: EUR 47,611 thousand) and break down as follows:

(EUR '000)	31.12.2015	31.12.2014
Personnel	16,027	17,842
Social security institutions	3,194	2,941
Deferred income	988	854
Accrued expenses	5,457	5,588
Other sundry liabilities	18,472	20,386
Other current liabilities	**44,138**	**47,611**

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.9 million; in line with 31 December 2014).
Other sundry liabilities principally consisted of tax liabilities for employee withholdings, VAT liabilities and liabilities for unpaid dividends.

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 71,750 thousand (31 December 2014: EUR 83,368 thousand) and deferred tax assets totalling EUR 63,006 thousand (31 December 2014: EUR 69,792 thousand) break down as follows:

(EUR'000)	01.01.2015	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2015
Fiscally-driven depreciation of property, plant and equipment	37,850	(2,551)	(3,110)	32,189
Fiscally-driven amortisation of intangible assets	19,534	(1,749)	(1,944)	15,841
Revaluation of plant	11,980	(1,173)	(425)	10,382
Other	14,004	(408)	(258)	13,338
Deferred tax liabilities	**83,368**	(5,881)	(5,737)	**71,750**
Tax losses carried forward	50,196	(1,295)	(585)	48,316
Provisions for risks and charges	8,963	(728)	(602)	7,633
Other	10,633	349	(3,925)	7,057
Deferred tax assets	**69,792**	(1,674)	(5,112)	**63,006**

(EUR'000)	01.01.2014	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2014
Fiscally-driven depreciation of property, plant and equipment	36,451	(924)	2,323	37,850
Fiscally-driven amortisation of intangible assets	19,015	347	172	19,534
Revaluation of plant	12,600	(769)	149	11,980
Other	14,908	(470)	(434)	14,004
Deferred tax liabilities	**82,974**	(1,816)	2,210	**83,368**
Tax losses carried forward	44,469	5,489	238	50,196
Provisions for risks and charges	7,224	1,682	57	8,963
Other	8,646	1,115	872	10,633
Deferred tax assets	**60,339**	8,286	1,167	**69,792**

The company expects to recover deferred tax assets over the coming years within the timeframe defined by the relevant legislation.

21) Revenue

(EUR '000)		2015	2014
Product sales		919,386	902,167
Product sales to related parties	(note 34)	18,420	12,275
Services		31,234	33,571
Revenue		**969,040**	**948,013**

In 2015, revenue increased slightly overall compared to the previous year (+2.2%). More detailed analysis of performance by individual geographical segment is provided in segment reporting and in the Directors' Report.

22) Increase for internal work and Other operating revenue

Increase for internal work of EUR 6,014 thousand (EUR 4,297 thousand in 2014) refers to the capitalisation of material and personnel costs used in the realisation of property, plant and equipment and intangible fixed assets.

Other operating revenue of EUR 25,934 thousand (EUR 24,665 thousand in 2014) breaks down as follows:

(EUR '000)		2015	2014
Rent, lease and hires		1,714	1,474
Rent, lease and hires - related parties	(note 34)	11	440
Gains		1,968	1,538
Release of provision for risks		1,229	57
Insurance refunds		1,027	-
Revaluation of investment property	(note 4)	15,374	12,054
Other revenue and income		4,590	8,043
Other revenue and income from related parties	(note 34)	21	1,059
Other operating revenue		**25,934**	**24,665**

23) Raw materials costs

(EUR '000)	2015	2014
Raw materials and semi-finished products	201,016	189,419
Fuel	97,359	102,448
Electrical energy	79,119	78,548
Other materials	36,379	34,961
Change in raw materials, consumables and goods	(4,130)	(6,515)
Raw materials costs	**409,743**	**398,861**

The cost of raw materials was up EUR 10.9 million compared to the previous year, totalling EUR 409.7 million. This was mainly a result of the increase in fuel costs in Egypt, higher production volumes in Italy and Malaysia, and costs deriving from the higher volume of aggregates produced in Sweden. These effects more than offset the reduction in costs of raw materials in Turkey caused by lower volumes.

24) Personnel costs

(EUR '000)	2015	2014
Wages and salaries	122,019	118,703
Social security charges	20,538	19,871
Other costs	7,157	9,050
Personnel costs	**149,714**	**147,624**

The Group's workforce breaks down as follows:

	31.12.2015	31.12.2014	Average 2015	Average 2014
Executives	59	57	59	60
Middle management, white collars and intermediates	1,423	1,426	1,438	1,473
Blue collars	1,550	1,570	1,559	1,577
Total	**3,032**	**3,053**	**3,056**	**3,110**

At 31 December 2015, employees in service at the parent and the Italian subsidiaries numbered 452 (31 December 2014: 470), those at the Cimentas Group numbered 1,047 (31 December 2014: 1,082), those at the Aalborg Portland Group numbered 861 (31 December 2014: 861) and those at the Unicon Group numbered 672 (31 December 2014: 640).

25) Other operating costs

(EUR '000)		2015	2014
Transport		103,393	102,799
Services and maintenance		68,412	61,912
Consultancy		8,610	7,504
Insurance		4,151	4,180
Other services - related parties	(note 34)	520	522
Rent, lease and hires		18,464	15,919
Rent, lease and hires - related parties	(note 34)	1,662	1,497
Other operating costs		36,656	39,803
Other operating costs		**241,868**	**234,136**

26) Amortisation, depreciation, impairment losses and provisions

(EUR '000)	2015	2014
Amortisation	5,289	4,606
Depreciation	76,844	75,501
Provisions	2,647	804
Impairment losses	11,611	7,436
Amortisation, depreciation, impairment losses and provisions	**96,391**	**88,347**

Impairment losses include EUR 1.5 million in losses on trade receivables and EUR 10.1 million in losses on intangible assets with a finite useful life (note 1) and property, plant and equipment (note 3).

27) Net financial income (expense) and share of net profits of equity-accounted investees

The positive balance for the 2015 of EUR 3,998 thousand (2014: negative EUR 4,602 thousand) relates to the share of net profits of equity-accounted investees and net financial expense, broken down as follows:

(EUR '000)		2015	2014
Share of profits of equity-accounted investees		5,353	3,467
Share of losses of equity-accounted investees		(288)	(252)
Share of net profits of equity-accounted investees		**5,065**	**3,215**
Interest and financial income		2,310	3,203
Interest and financial income - related parties	(note 34)	259	253
Grants related to interest		169	675
Financial income on derivatives		6,795	5,224
Total financial income		*9,533*	*9,355*
Interest expense		(8,210)	(11,958)
Other financial expense		(2,183)	(2,355)
Interest and financial expense - related parties	(note 34)	(1,737)	(769)
Losses on derivatives		(1,113)	(5,664)
Total financial expense		*(13,243)*	*(20,746)*
Exchange rate gains		15,695	14,838
Exchange rate losses		(13,052)	(11,264)
Net exchange rate gains (losses)		*2,643*	*3,574*
Net financial income (expense)		**(1,067)**	**(7,817)**
Net financial income (expense) and share of net profits of equity-accounted investees		**3,998**	**(4,602)**

The improvement in net financial income (expense) compared to the previous year is attributable primarily to the profits deriving from derivatives, the better results of equity-accounted investees and the progressive decrease in the cost of money.

Financial income and expense from derivatives mainly reflect the mark-to-market accounting of derivatives purchased to hedge currency, interest rate and commodities risks. In light of the aforementioned measurements, around EUR 4.9 million (31 December 2014: around EUR 2.9 million) are unrealised gains and around EUR 0.7 million (31 December 2014: around EUR 5 million) are unrealised losses.

28) Income taxes

(EUR '000)	2015	2014
Current taxes	30,749	30,860
Deferred taxes	(4,207)	(10,102)
Income taxes	**26,542**	**20,758**

The following table shows the difference between the theoretical and effective tax rates:

(EUR'000)	2015	2014
Theoretical tax expense	**22,247**	**21,225**
Taxable permanent differences	2,261	1,559
Deductible permanent differences	(435)	(748)
Tax consolidation scheme	628	1,121
Other changes	1,918	(2,835)
Effective IRAP tax expense	(77)	436
Income taxes	**26,542**	**20,758**

29) Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding in the year.

(EUR)	2015	2014
Profit for the year attributable to the owners of the parent (EUR '000)	67,477	71,634
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per share	**0.424**	**0.450**

Diluted earnings per share equal the basic earnings per share as the only outstanding shares are the parent's ordinary shares.

Capital management

The Group distributes dividends considering its existing financial resources and funding required for its ongoing development.

30) Other comprehensive income (expense)

The following table gives a breakdown of other comprehensive income (expense), including and excluding the related tax effect:

(EUR '000)	2015			2014		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax amount
Actuarial gains (losses) on post-employment benefits	(754)	163	**(591)**	(3,183)	718	**(2,465)**
Foreign currency translation differences - foreign operations	(48,675)	-	**(48,675)**	37,172	-	**37,172**
Total other comprehensive income (expense)	**(49,429)**	**163**	**(49,266)**	**33,989**	**718**	**34,707**

31) Company acquisitions and sales

The Group did not acquire or sell companies during the year.

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2015 equals the carrying amount of loans and receivables recognised in the statement of financial position.

Given the sector's collection times and the Groups procedures for assessing customers' creditworthiness, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the Group blocks further suppliers and takes steps to recover the outstanding amount.

Recoverability of receivables is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. The Group impairs receivables for which a loss is probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

Notes 8 and 11 provide information on trade and other receivables.

Liquidity risk

The Group has credit facilities which cover any unforeseen requirements.

Note 17 Financial Liabilities provides a breakdown of financial liabilities by due date.

Market risk

Information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese Renminbi-Yuan (CNY), Malaysian ringgit (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rate, the translation of equity would have generated a decrease of EUR 68.9 million or approximately 6.1% in consolidated equity at 31 December 2015 (31 December 2014: decrease of EUR 69.1 million or approximately 6.1%). Other currency risks connected with the consolidation of other foreign companies are negligible.

The Group is mainly exposed to currency risk in relation to operating profit from sales and purchases in TRY, DKK, USD and NOK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 11.8 million (2014: EUR 12.5 million).

At 31 December 2015, risks connected with main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK and USD. Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 0,2 million (31 December 2014: negative for approximately EUR 1 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt totalled EUR 222.1 million at 31 December 2015 (31 December 2014: EUR 278.3 million), all of which is subject to floating interest rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates, for all the currencies in which the Group has borrowings, would have had a negative effect on profit before taxes of EUR 2.5 million (31 December 2014: EUR 2.9 million) and on equity of EUR 1.9 million (31 December 2014: EUR 2.1 million) with respect to the floating rates applicable to the Group’s loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

33) Fair value hierarchy

IFRS 13 requires that financial instruments carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: determination of fair value using quoted prices on active markets for identical assets or liabilities.
- Level 2: determination of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: determination of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2015 (EUR '000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	4	-	87,020	29,125	**116,145**
Current financial assets (derivative instruments)	9	-	1,326	-	**1,326**
Total assets		**-**	88,346	**29,125**	**117,471**
Current financial liabilities (derivative instruments)	17	-	(12,992)	-	**(12,992)**
Total liabilities		**-**	**(12,992)**	**-**	**(12,992)**

31 December 2014 (EUR '000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	4	-	81,182	29,125	**110,307**
Current financial assets (derivative instruments)	9	-	1,313	-	**1,313**
Total assets		**-**	**82,495**	**29,125**	**111,620**
Current financial liabilities (derivative instruments)	17	-	(16,269)	-	**(16,269)**
Total liabilities		**-**	**(16,269)**	**-**	**(16,269)**

No transfers among the levels took place during 2015 and no changes in level 3 were made.

34) Related-party transactions

On 5 November 2010, the Board of Directors of Cementir Holding SpA approved a new procedure for related-party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution 17221 of 12 March 2010 and subsequent amendments and additions thereto, designed to ensure the transparency and the substantial and procedural fairness of related-party transactions within the Group. The procedure is applicable starting from 1 January 2011 and is published on the corporate website www.cementirholding.it.

Transactions performed by group companies with related parties are part of normal business operations and take place at market conditions. No atypical or unusual transactions took place. The following tables show the value of related-party transactions:

31 December 2015 (EUR '000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of caption
Statement of financial position							
Current financial assets	-	4,155	-	-	**4,155**	**6,192**	67.1%
Trade receivables	-	3,589	595	-	**4,184**	**174,139**	2.4%
Cash and cash equivalents	-	-	-	1,720	**1,720**	**136,768**	1.3%
Trade payables	-	4	74	-	**78**	**180,544**	0.0%
Other non-current liabilities	-	1,864	-	-	**1,864**	**8,672**	21.5%
Non-current financial liabilities	-	-	-	50,000	**50,000**	**235,291**	21.3%
Current financial liabilities	-	-	-	-	**-**	**-**	-
Income statement							
Revenue	-	17,623	797	-	**18,420**	**969,040**	1.9%
Other operating revenue	-	-	32	-	**32**	**25,934**	0.1%
Other operating costs	450	-	1,732	-	**2,182**	**241,868**	0.9%
Financial income	-	259	-	-	**259**	**9,533**	2.7%
Financial expense	-	-	-	1,737	**1,737**	**13,243**	13.1%

31 December 2014 (EUR '000)	Ultimate parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of caption
Statement of financial position							
Current financial assets	-	3,376	-	-	**3,376**	**5,729**	58.9%
Trade receivables	-	3,537	6,823	-	**10,360**	**178,084**	5.8%
Cash and cash equivalents	-	-	-	1,066	**1,066**	**93,856**	1.1%
Trade payables	-	4	73	-	**77**	**181,587**	0%
Other non-current liabilities	-	-	-	-	**-**	**-**	-
Non-current financial liabilities	-	-	-	50,000	**50,000**	**255,754**	19.6%
Current financial liabilities	-	-	108	18,852	**18,960**	**122,162**	15.5%
Income statement							
Revenue	-	11,545	730	-	**12,275**	**948,013**	1.3%
Other operating revenue	-	-	1,499	-	**1,499**	**24,665**	6.1%
Other operating costs	450	-	1,569	-	**2,019**	**234,136**	0.9%
Financial income	-	218	34	1	**253**	**9,355**	2.7%
Financial expense	-	-	-	769	**769**	**20,746**	3.7%

The main related-party transactions are summarised below.

Trading transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at normal market conditions. As concerns companies under common control, Cementir Group has

long sold cement to Caltagirone Group companies. Specifically, in 2015, the Group sold 10,403 tons of cement at arm's-length conditions to Vianini Industria (2014: 9,777 tons). Revenue and costs connected with trading transactions with the ultimate parent and companies under common control include various services, such as leases.

As concerns transactions of a financial nature, non-current financial liabilities refer to a floating-rate loan held with Banca UniCredit that expires in 2017 (31 December 2014: EUR 50 million).

The Group did not grant loans to directors, statutory auditors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2015.

As at 31 December 2015, fees due to directors and key management personnel stood at EUR 5,528 thousand.

35) Independent auditors' fees

Fees paid in 2015 by the parent Cementir Holding SpA and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,242 thousand (31 December 2014: EUR 1,042 thousand), including EUR 785 thousand for auditing (31 December 2014: EUR 800 thousand) and EUR 457 thousand for other services (31 December 2014: EUR 242 thousand).

ANNEX

Annex 1

List of equity investments at 31 December 2015

Company name	Registered office	Share capital	Currency	Type of % Direct	Type of % Indirect	Shareholding through Group companies	Method
Cementir Holding SpA	Rome (Italy)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	Aalborg Portland US Inc.	Line-by-line
Aalborg Portland Holding A/S	Aalborg (Denmark)	300,000,000	DKK		75 25	Cementir España SL Globocem SL	Line-by-line
Aalborg Portland A/S	Aalborg (Denmark)	100,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland España SL	Madrid (Spain)	3,004	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Islandì EHF	Kopavogur (Iceland)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (Malaysia)	95,400,000	MYR		70	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warsaw (Poland)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc.	Dover (USA)	1,000	USD		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	265,200,000	CNY		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Sydney (Australia)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	St. Petersburg (Russia)	14,700,000	RUB		99.9 0.1	Aalborg Portland A/S Aalborg Portland Holding A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (Malaysia)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
AB Sydsten	Malmö (Sweden)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Malmö (Sweden)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (Italy)	1,010,000	EUR	99.99		Cementir Holding SpA	Line-by-line
Basi 15 Srl	Rome (Italy)	400,000	EUR	100		Cementir Holding SpA	Line-by-line
Betontir SpA	Rome (Italy)	104,000	EUR		99.89	Cementir Italia SpA	Line-by-line
Cem 15 Srl	Rome (Italy)	10,000	EUR		100	Cementir Italia SpA	Line-by-line
Cementir España SL	Madrid (Spain)	3,007	EUR	100		Cementir Holding SpA	Line-by-line
Cementir Italia SpA	Rome (Italy)	40,000,000	EUR	100		Cementir Holding SpA	Line-by-line
Cimbeton AS	Izmir (Turkey)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (Turkey)	87,112,463	TRY		97.8 0.12 0.48	Aalborg Portland España SL Cimbeton AS Kars Cimento AS	Line-by-line
Destek AS	Izmir (Turkey)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line

Annex 1 *(cont'd)*

Company name	Registered office	Share capital	Currency	Type of % Direct	% Indirect	Shareholding through Group companies	Method
ECOL Unicon Spzoo	Gdansk (Poland)	1,000,000	PLN		49	Unicon A/S	Equity
Environmental Power International (UK R&D) Limited	Trowbridge (Great Britain)	100	GBP		50	Recydia	Equity
Everts Betongpump & Entreprenad AB	Halmstad (Sweden)	100,000	SEK		73.5	AB Sydsten	Line-by-line
Gaetano Cacciatore LLC	Somerville N.J. (USA)	-	USD		100	Aalborg Cement Company Inc.	Line-by-line
Globocem SL	Madrid (Spain)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd.	Soma (Turkey)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Kars (Turkey)	3,000,000	TRY		58.38 41.62	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (Denmark)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company– *J.V.*	Allentown (USA)	-	USD		24.5	Aalborg Cement Company Inc.	Equity
Neales Waste Management Ltd	Lancashire (Great Britain)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Lancashire (Great Britain)	5,000,001	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Lancashire (Great Britain)	5,000,100	GBP		100	NWM Holdings Ltd	Line-by-line
Recydia AS	Izmir (Turkey)	551,544,061	TRY		62.82 24.94 12.24	Kars Cimento AS Cimentas AS Aalborg Portland Holding AS	Line-by-line
Secil Unicon SGPS Lda	Lisbon (Portugal)	4,987,980	EUR		50	Unicon A/S	Equity
Secil Prebetão SA	Montijo (Portugal)	3,454,775	EUR		79.60	Secil Unicon SGPS Lda	Equity
Sinai White Portland Cement Co. SAE	Cairo (Egypt)	350,000,000	EGP		57.14	Aalborg Portland Holding A/S	Line-by-line
Skane Grus AB	Malmö (Sweden)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Sola Betong AS	Risvika (Norway)	9,000,000	NOK		33.33	Unicon AS	Equity
Sureko AS	Izmir (Turkey)	43,443,679	TRY		100	Recydia AS	Line-by-line
Svim 15 Srl	Rome (Italy)	400,000	EUR	100		Cementir Holding SpA	Line-by-line
Unicon A/S	Copenhagen (Denmark)	150,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Unicon AS	Sandvika (Norway)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Somerville N.J. (USA)	4,483,396	USD		99.99	Aalborg Portland US Inc.	Line-by-line

Rome, 10 March 2016

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

Certification of the consolidated financial statements as per 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 Massimo Sala, as Manager responsible for financial reporting, of Cementir Holding SpA, hereby certify, having also taken into consideration the provisions of Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended 31 December 2015.

2. No significant aspects emerged in this regard.

3. It is also certified that:

3.1 the consolidated financial statements:

a) have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as per Regulation (EC) No 1606/2002/EC of the European Parliament and of the council of 19 July 2002;

b) are consistent with the entries in the accounting books and records;

c) provide a true and fair representation of the financial position, earnings performance and cash flows of the issuer and the companies included in the scope of consolidation.

3.2 the directors' report, prepared using a standard format for both the separate and consolidated financial statements, includes a reliable analysis of operations and operating results, in addition to the financial position of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 10 March 2016

Chairman of the Board of Directors	Manager responsible for financial reporting
/s/ Francesco Caltagirone Jr.	/s/ Massimo Sala

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Cementir Holding S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Cementir Holding Group (the "group"), which comprise the statement of financial position as at 31 December 2015, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo Bologna Bolzano Brescia Catania Como Firenze Genova Lecce Milano Napoli Novara Padova Palermo Parma Perugia Pescara Roma Torino Treviso Trieste Varese Verona

Società per azioni
Capitale sociale
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R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25 20124 Milano MI ITALIA

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Cementir Holding Group as at and for the year ended 31 December 2015.

Rome, 25 March 2016

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

DRAFT SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

FINANCIAL STATEMENTS

Statement of financial position

(EUR)	Notes	31 December 2015	31 December 2014
ASSETS			
Intangible assets	1	2,487,309	944,380
Property, plant and equipment	2	418,953	443,273
Investment property	3	23,000,000	23,000,000
Investments in subsidiaries	4	365,462,398	410,965,477
Non-current financial assets	5	55,581	140,759
Deferred tax assets	17	42,131,412	45,328,322
TOTAL NON-CURRENT ASSETS		**433,555,653**	**480,822,211**
Trade receivables	6	19,626,083	15,934,683
- Trade receivables - third parties		*774,579*	*123,371*
- Trade receivables - related parties	30	*18,851,504*	*15,811,312*
Current financial assets	7	224,723,218	193,131,639
- Current financial assets - third parties		*369,707*	*259,389*
- Current financial assets - related parties	*30*	*224,353,511*	*192,872,250*
Current tax assets	8	5,069,024	4,827,156
Other current assets	9	1,119,950	1,091,993
- Other current assets - third parties		*531,076*	*369,464*
- Other current assets - related parties	*30*	*588,874*	*722,529*
Cash and cash equivalents	10	4,352,151	3,267,446
- Cash and cash equivalents - third parties		*2,890,334*	*2,918,078*
- Cash and cash equivalents - related parties	30	*1,461,817*	*349,368*
TOTAL CURRENT ASSETS		**254,890,426**	**218,252,917**
TOTAL ASSETS		**688,446,079**	**699,075,128**
EQUITY AND LIABILITIES			
Share capital	11	159,120,000	159,120,000
Share premium reserve	12	35,710,275	35,710,275
Other reserves	13	311,659,202	403,029,368
Profit (loss) for the year		(3,514,192)	(75,453,281)
TOTAL EQUITY		**502,975,285**	**522,406,362**
Employee benefits	14	453,845	438,137
Non-current financial liabilities	15	66,890,168	76,700,964
- Non-current financial liabilities - third parties		*16,890,168*	*26,700,964*
- Non-current financial liabilities - related parties	30	*50,000,000*	*50,000,000*
Deferred tax liabilities	17	4,238,995	4,751,890
TOTAL NON-CURRENT LIABILITIES		**71,583,008**	**81,890,991**
Trade payables	16	2,852,921	2,269,669
- Trade payables - third parties		*2,397,121*	*1,803,676*
- Trade payables - related parties	*30*	*455,800*	*465,993*
Current financial liabilities	15	75,487,092	54,826,214
- Current financial liabilities - third parties		*75,487,092*	*35,975,607*
- Current financial liabilities - related parties	30	-	*18,850,607*
Current tax liabilities	17	50,457	362,152
Other current liabilities	18	35,497,317	37,319,740
- Other current liabilities - third parties		*3,951,355*	*4,305,635*
- Other current liabilities - related parties	30	*31,545,962*	*33,014,105*
TOTAL CURRENT LIABILITIES		**113,887,786**	**94,777,775**
TOTAL LIABILITIES		**185,470,794**	**176,668,766**
TOTAL EQUITY AND LIABILITIES		**688,446,079**	**699,075,128**

Income statement

(EUR)	Notes	2015	2014
REVENUE	19	**17,862,907**	**17,767,234**
- Revenue - related parties	30	*17,862,907*	*17,767,234*
Increase for internal work	20	664,020	-
Other operating revenue	21	379,670	659,892
- Other operating revenue - third parties		*379,670*	*220,182*
- Other operating revenue - related parties	30	-	*439,710*
TOTAL OPERATING REVENUE		**18,906,597**	**18,427,126**
Personnel costs	22	(8,615,104)	(9,031,160)
- Personnel costs - third parties		*(8,615,104)*	*(9,031,160)*
- Personnel costs - related parties		-	-
Other operating costs	23	(12,284,019)	(9,960,046)
- Other operating costs - third parties		*(10,390,387)*	*(8,068,246)*
- Other operating costs - related parties	30	*(1,893,632)*	*(1,891,800)*
TOTAL OPERATING COSTS		**(20,899,123)**	**(18,991,206)**
EBITDA		**(1,992,526)**	**(564,080)**
Amortisation, depreciation, impairment losses and provisions	24	(860,587)	(486,807)
EBIT		**(2,853,113)**	**(1,050,887)**
Financial income	25	7,063,799	4,491,311
- Financial income - third parties		*5,108,850*	*3,041,116*
- Financial income - related parties	30	*1,954,949*	*1,450,195*
Financial expense	25	(6,406,886)	(80,300,479)
- Financial expense - third parties		*(4,669,720)*	*(79,531,622)*
- Financial expense - related parties	30	*(1,737,166)*	*(768,857)*
NET FINANCIAL INCOME (EXPENSE)		**656,913**	**(75,809,168)**
PROFIT (LOSS) BEFORE TAXES		**(2,196,200)**	**(76,860,055)**
Income taxes	26	(1,317,992)	1,406,774
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(3,514,192)**	**(75,453,281)**
PROFIT (LOSS) FOR THE YEAR		**(3,514,192)**	**(75,453,281)**

Statement of comprehensive income

(EUR)	Notes	2015	2014
PROFIT (LOSS) FOR THE YEAR		**(3,514,192)**	**(75,453,281)**
Other comprehensive income (expense):			
Items that will never be reclassified to profit (loss):			
Actuarial gains (losses) on post-employment benefits	27	(6,739)	(26,221)
Taxes related to equity	27	1,853	7,211
Total items that will never be reclassified to profit (loss)		**(4,886)**	**(19,010)**
OTHER COMPREHENSIVE INCOME (EXPENSE)		**(3,519,078)**	**(75,472,291)**

Statement of changes in equity

(EUR '000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	Profit (Loss) for the year	Total equity
					Reserve for grants related to assets	Reserve as per art. 15 of Law no. 67/88	Reserve as per Law no. 349/95	Goodwill arising on merger	Other IFRS reserves	Actuarial reserves			
Equity at 1 January 2014	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**95,805**	**(111)**	**80,674**	**(1,609)**	**610,608**
Allocation of 2013 profit (loss)									(1,609)			1,609	**-**
Distribution of 2013 dividends											(12,730)		**(12,730)**
Total owner transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,609)**	**-**	**(12,730)**	**1,609**	**(12,730)**
Net actuarial gains (losses)										(19)			**(19)**
Total other comprehensive Income (expense)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**-**	**-**	**(19)**
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	(75,453)	**(75,453)**
Equity at 31 December 2014	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**94,196**	**(130)**	**67,944**	**(75,453)**	**522,406**

(EUR '000)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves						Retained earnings	Profit (Loss) for the year	Total equity
					Reserve for grants related to assets	Reserve as per art. 15 of Law no. 67/88	Reserve as per Law no. 349/95	Goodwill arising on merger	Other IFRS reserves	Actuarial reserves			
Equity at 1 January 2015	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**94,196**	**(130)**	**67,944**	**(75,453)**	**522,406**
Allocation of 2014 profit (loss)									(75,453)			75,453	**-**
Distribution of 2014 dividends											(15,912)		**(15,912)**
Total owner transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(75,453)**	**-**	**(15,912)**	**75,453**	**(15,912)**
Net actuarial gains (losses)										(5)			**(5)**
Total other comprehensive Income (expense)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**-**	**-**	**(5)**
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	(3,514)	**(3,514)**
Equity at 31 December 2015	**159,120**	**35,710**	**97,733**	**31,824**	**13,207**	**138**	**41**	**98,076**	**18,743**	**(135)**	**52,032**	**(3,514)**	**502,975**

Statement of cash flows

(EUR '000)	Notes	31 December 2015	31 December 2014
Profit (loss) for the year		**(3,514)**	**(75,453)**
Amortisation and depreciation		861	487
Net financial expense		(657)	75,809
- third parties		*(439)*	*76,490*
- related parties		*(218)*	*(681)*
(Gains) Losses on disposal		-	(2)
Income taxes		1,318	(1,407)
Change in employee benefits		2	(7)
Change in non-current provisions		-	(600)
Operating cash flows before changes in working capital		**(1,990)**	**(1,173)**
(Increase) Decrease in trade receivables - third parties		(651)	(62)
(Increase) Decrease in trade receivables - related parties		(3,040)	(8,174)
Increase (Decrease) in trade payables - third parties		(707)	373
Increase (Decrease) in trade payables - related parties		(10)	247
Change in other non-current and current assets and liabilities - third parties		566	581
Change in other non-current and current assets and liabilities - related parties		(1,250)	18
Operating cash flows		**(7,082)**	**(8,190)**
Dividends collected		-	-
Interest collected		180	1,146
Interest paid		(5,960)	(5,413)
Other net expense paid		494	1,541
Income taxes paid		(352)	(186)
CASH FLOWS USED IN OPERATING ACTIVITIES (A)		**(12,720)**	**(11,102)**
Investments in intangible assets		(1,021)	(237)
Investments in property, plant and equipment		(58)	(349)
Acquisitions of equity investments		-	(4,567)
Proceeds from the sale of property, plant and equipment		-	8
Proceeds from the sale of equity investments		45,503	49,756
CASH FLOWS FROM INVESTING ACTIVITIES (B)		**44,424**	**44,611**
Change in non-current financial assets and liabilities - third parties		(9,743)	(9,810)
Change in non-current financial assets and liabilities - related parties		-	50,000
Change in current financial assets and liabilities - third parties		39,401	6,307
Change in current financial assets and liabilities - related parties		(44,365)	(68,880)
Dividends distributed		(15,912)	(12,730)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**(30,619)**	**(35,113)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**1,085**	**(1,604)**
Opening cash and cash equivalents	10	**3,267**	**4,871**
Closing cash and cash equivalents	10	**4,352**	**3,267**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

Cementir Holding SpA is a company limited by shares with registered office in Corso di Francia 200, Rome, Italy.

Based on the shareholder register, the communications received pursuant to article 120 of Italian Legislative Decree 58 of 24 February 1998 and other available information, the following are the shareholders with an investment of more than 2% in the company's share capital at 31 December 2015:

1) Francesco Gaetano Caltagirone – 104,921,927 shares (65.939%). The shareholding is held as follows:
   - Direct ownership of 1,327,560 shares (0.834%)
   - Indirect ownership through the companies:
     - Calt 2004 Srl – 47,860,813 shares (30.078%)
     - Lav 2004 Srl – 40,543,880 shares (25.480%)
     - Gamma Srl – 5,575,220 shares (3.504%);
     - Pantheon 2000 SpA – 4,466,928 shares (2.807%);
     - Vianini Industria SpA – 2,614,300 shares (1.643%)
     - Caltagirone SpA – 2,533,226 shares (1.592%)
2) Francesco Caltagirone 8,000,299 shares (5.028%). The shareholding is held as follows:
   - Direct ownership of 3,170,299 shares (1.992%)
   - Indirect ownership through the company Chupas 2007 Srl 4,830,000 shares (3.035%).

On 10 March 2016, the Company's Board of Directors approved these draft separate financial statements at 31 December 2015 and authorised their publication.

Legislative framework

The provisions of Italian legislation implementing the EU Directive 78/660/EC are applicable, where compatible, to companies that prepare IFRS-compliant financial statements. Accordingly, these separate financial statements comply with the requirements of the Italian Civil Code and related provisions of the Consolidated Finance Act for listed companies governing directors' report (article 2428 of the Italian Civil Code), statutory auditing (article 2409-bis of the Italian Civil Code) and the publication of financial statements (article 2435 of the Italian Civil Code).

The separate financial statements and these notes provide the additional disclosures and information required by articles 2424, 2425 and 2427 of the Italian Civil Code as these do not conflict with IFRS.

Statement of compliance with the IFRS

The separate financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission (EC) at 31 December 2015.

The acronym "IFRS" includes all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). For simplicity purposes, all these standards and interpretations are referred to herein as "IFRS".

Standards and amendments to standards adopted by the company

a) Commencing as of 1 January 2015, the company has adopted the following new accounting standards:

- IFRIC 21 – *Levies*, which provides an interpretation for IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 provides guidance on when an entity should recognise a liability for a levy imposed by the government, with the exception of levies covered by other accounting standards (e.g., IAS 12 – *Income Taxes*). IAS 37 outlines the recognition criteria for contingent liabilities, which include the existence of a present obligation on the entity arising from a past event, known as the "obligating event". The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.
- *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*. The amendments introduced to IAS 19 permit (but do not require) contributions paid to employees or third parties to be deducted from the current service cost for the period, where the amount of the contributions is independent of the number of years of service, instead of attributing the amount to the full length of the period in which the service is rendered.
- *Annual Improvements to IFRSs, Cycle 2010–2012*. The amendments contained in the improvements affect:
  - IFRS 2, amending the definition of "vesting condition";
  - IFRS 3, clarifying that contingent consideration classified as an asset or liability should be measured at fair value at each reporting date;
  - IFRS 8, primarily requiring disclosure of the criteria and measurement factors considered when aggregating operating segments, as presented in the financial statements;
  - the Basis for Conclusions of IFRS 13, confirming the possibility of measuring short-term receivables and payables with no stated interest rate at their face value, if the impact of their not being discounted is not material;
  - IAS 16 and IAS 38, clarifying how to measure the total carrying amount of assets, where their restatement is the result of the application of a revaluation method;
  - IAS 24, specifying that an entity is a related party of the reporting entity if the entity (or a member of the group to which it belongs) provides key management personnel services to the reporting entity (or its parent).
- *Annual Improvements to IFRSs, Cycle 2011–2013*. The amendments contained in the improvements affect:
  - the Basis for Conclusions of IFRS 1, clarifying the meaning of "effective" in the IFRSs for first-time adopters;

- IFRS 3, clarifying scope exceptions for joint arrangements in the financial statements of the arrangements themselves;
- IFRS 13, clarifying that the scope of the portfolio exception contemplated by paragraph 48 of the standard extends to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
- IAS 40, clarifying the interrelationship of IFRS 3 and IAS 40.

b) Standards and interpretations of standards applicable for years starting after 2015 and not adopted in advance by the company:

- On 12 August 2014, the IASB published *Equity Method in Separate Financial Statements (Amendments to IAS 27)*. This document was adopted by the European Union through Regulation No 2441 of 18 December 2015. The amendments permit entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments are applicable as of 1 January 2016 or thereafter.
- On 18 December 2014, the IASB published a series of amendments to IAS 1 *Presentation of Financial Statements*, with a view to clarifying certain aspects of disclosure. These amendments were adopted by the European Union through Regulation No 2406 of 18 December 2015. The project was part of the IASB's overall *Disclosure Initiative*, the objective of which is to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators. These amendments are applicable as of 1 January 2016 or thereafter.
- On 25 September 2014, the IASB published Annual Improvements to IFRSs: Cycle 2012–2014. This document was adopted by the European Union through Regulation No 2343 of 15 December 2015. The amendments introduced affect the following standards: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure*, IAS 19 – *Employee Benefits*, IAS 34 – *Interim Financial Reporting*. These amendments are applicable as of 1 January 2016 or thereafter.
- On 12 May 2014, the IASB published the *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*, with the objective of clarifying that a revenue-based method of amortisation is not considered appropriate because it represents the generation of economic benefits from an asset rather than the consumption of the economic benefits embodied in the asset. This document was adopted by the European Union through Regulation No 2331 of 2 December 2015. The clarifications are applicable starting from annual reporting periods commencing on or after 1 January 2016.
- On 6 May 2014, the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*. This document was adopted by the European Union through Regulation No 2173 of 24 November 2015. The amendments to IFRS 11, applicable starting from annual reporting periods commencing as of 1 January 2016, clarify the most appropriate approach to account for the acquisition of an interest in a joint operation that is a business.

- On 30 June 2014, the IASB published a series of amendments to IAS 16 and IAS 41 concerning bearer plants. The amendments permit bearer plants to be recognised at cost instead of fair value, while continuing to require that harvests be measured at fair value. These amendments are applicable as of 1 January 2016 or thereafter.

The company has not opted for the early adoption of endorsed standards, interpretations and amendments whose mandatory application is after the reporting date.

The company is assessing the possible effects of the application of the new standards and amendments. Based on its preliminary assessment, the Company does not expect their application will have a significant effect on the separate financial statements.

c) Standards and interpretations to be applied shortly:

At the date of approval of these financial statements, the IASB has issued certain standards, interpretations and amendments that the European Commission has yet to endorse, some of which are still at the discussion stage. They include:

- On 24 July 2014, the IASB published the final version of IFRS 9 *Financial Instruments*. The new standard introduces new classification, measurement and derecognition requirements, a new impairment model and a reformed approach to hedge accounting, completing the IASB's project to replace IAS 39. The final version of the standard replaces all earlier versions of IFRS 9. The IASB began the IFRS 9 project in 2008; the project involved a series of phases. In 2009, a first version of IFRS 9 was published, which introduced new classification and measurement requirements for financial assets; classification and measurement requirements for financial liabilities and derecognition rules were added in 2010. IFRS 9 was then amended in 2013 with a reformed model of hedge accounting. In September 2015, the EFRAG completed its due process for the issue of its endorsement advice, which was then submitted to the European Commission. The endorsement advice recommends that all companies apply IFRS 9 starting from 2018, allowing for its optional application by the insurance sector.
- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts*. The standard permits first-time adopters that operate in sectors subject to rate regulation to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. However, it requires that regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required in the notes. As it stands, the European Commission has decided to suspend the Endorsement Process pending the IASB issuing the definitive accounting standard.
- On 28 May 2014, the IASB published IFRS 15 – *Revenue from Contracts with Customers*. The standard provides a single and comprehensive framework for recording revenue and sets out how to treat all contracts with customers (except contracts covered by the standards on leasing, insurance contracts and financial instruments). IFRS 15 replaces the previous standards on revenue: IAS 18 Revenue and IAS 11 Construction Contracts, as well as the interpretations IFRIC 13 Customer Loyalty

Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard identifies criteria for recognising revenue from the sale of goods or the provision of services based on the “five-step model framework”, and requires that useful information be provided in the notes to the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. On 11 September 2015, the IASB published the Amendment to IFRS 15 that deferred the entry into force of the standard by one year to 1 January 2018. Early application is in any case permitted. Endorsement by the EU is expected in the second quarter of 2016.

- On 13 January 2016, the IASB published the new standard IFRS 16 – Leases, which replaces IAS 17. IFRS 16 applies as of 1 January 2019. The new standard de facto eliminates the distinction in accounting for operating and financial leases, providing ways to simplify its application. Early application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The EFRAG is expected to conclude its due process in the second half of 2016.
- On 11 September 2014, the IASB published Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), with a view resolving the conflict between IAS 28 and IFRS 10. Under IAS 28, the gain or loss resulting from the sale or contribution of non-monetary assets to a joint venture or associate in exchange for an equity stake in the entity is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. In contrast, IFRS 10 requires the recognition of the full gain or loss upon loss of control, even if the entity continues to hold a non-controlling interest in the associate, also in the case of the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced clarify that in the case of the sale or contribution of assets or a subsidiary to a joint venture or an associate, the extent to which the resulting gain or loss is recognised in the financial statements of the seller/contributor depends on whether the assets or subsidiary transferred constitute a business, as defined in IFRS 3. If the assets or subsidiary transferred represent a business, then the entity is required to recognise the full gain or loss on the entire equity interest formerly held; if the assets or subsidiary transferred do not constitute a business, only a partial gain or loss is to be recognised in relation to the equity interest still held by the entity. In December 2015 the IASB published an Amendment that indefinitely defers the entry into force of the changes to IFRS 10 and IAS 28.
- On 18 December 2014, the IASB published Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The objective of the amendment is to address three issues relating to the consolidation of investment entities. In July 2015, the EFRAG completed its due process for the issue of its endorsement advice.
- On 19 January 2016, the IASB published a number of amendments to IAS 12 – Income Tax. “Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)” aims to clarify how to account for deferred financial assets relative to debt instruments measured at fair value. The amendments will become effective as of 1 January 2017. Early application is permitted. Endorsement by the EU is expected in late 2016.

- On 29 January 2016, the IASB published a number of amendments to IFRS 7 – Statement of cash flows. Disclosure Initiative (Amendments to IAS 7) aims to improve the presentation and disclosure of financial information in financial reports and resolve certain issues raised by operators. The amendments will become effective as of 1 January 2017. Endorsement by the EU is expected in late 2016.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the company's financial reports is currently being studied and assessed.

Basis of presentation

The separate financial statements at 31 December 2015 are presented in thousands of Euros, the Company's functional currency, unless indicated otherwise. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the company will continue to operate in the foreseeable future, based on their assessment of the risks and uncertainties to which it is exposed.

The company has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit for the year;
- the statement of changes in equity is presented using the changes in equity method;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for captions recognised and measured at fair value based on specific IFRS, as described in the section on accounting policies.

IFRS have been applied consistently with the guidance provided in the Framework for the Preparation and Presentation of Financial Statements. The company was not required to make any departures as per IAS 1.19.

Consob Resolution No. 15519 of 27 July 2006 requires that sub-captions be added in the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

Assets and liabilities are presented separately and are not netted.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the company determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the company. Useful life is reviewed annually and any changes, if necessary, are applied prospectively. An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of its derecognition.

Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the company has an obligation in this sense. Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively.

The estimated useful life of the main items of plant and equipment is reported below:

	Useful life of property, plant and equipment
- Sundry equipment	5 years
- Office machines and equipment	5 years

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.
Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in profit or loss in the year of derecognition.

Investment property

Investment property held to earn rentals or for capital appreciation is measured at fair value and is not depreciated. Any gain or loss in fair value is recognised in profit or loss.
Fair value is calculated by projecting discounted cash flows based on reliable estimates of future cash flows supported by instalments of leases and/or other existing contracts (level 3).

Investments in subsidiaries and associates

Subsidiaries includes all companies for which Cementir Holding SpA is exposed, or has rights, to variable returns from its power over the investee. Associates are entities over which the company has significant influence, but not control or joint control, over financial and operating policies. Investments in subsidiaries and associates are recognised at cost and adjusted in the event of impairment.

Impairment losses

At each reporting date, the Company assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the company determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.
The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use.
When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset. The realisable amount of an asset that does not generate largely independent cash flows is determined by considering the cash-generating unit (CGU) to which the asset belongs. Impairment losses are recognised in profit or loss under amortisation, depreciation and impairment losses.

Financial instruments

Financial assets are classified in one of the following categories upon initial recognition and measured as follows:

- *Available-for-sale financial assets*: these are non-derivative financial assets that are explicitly designated as belonging to this category and are recognised as non-current assets unless management intends to sell them within 12 months from the reporting date. They are measured at fair value and fair value gains or losses are recognised in equity through the statement of comprehensive income. They are recognised in profit or loss only when they are effectively sold or when any accumulated fair value losses are deemed to indicate an impairment which will not be recovered in the future. Given the objective uncertainty about the future economic situation and financial market performance, given high levels of speculation, especially in Italy, the Company has identified a 50% reduction in carrying amount and 60 months as separate parameters for "materiality" and "duration" respectively, for the purposes of determining impairment of available for sale (AFS) securities pursuant to IAS 39. Financial assets are derecognised when the right to receive cash flows from the asset has been extinguished and the company has transferred substantially all the risks and rewards of ownership of the instrument along with control. When fair value cannot be determined reliably, AFS financial assets continue to be recognised at cost, adjusted for impairment. Impairment losses are not reversed.
- *Financial assets at fair value through profit or loss:* this category includes financial assets mainly acquired for sale in the short term, those designated at fair value through profit or loss at the acquisition date and derivatives. The fair value of financial instruments quoted on active markets is determined using market prices at the reporting date. If an active market does not exist and there is no market price available for an identical asset, the fair value is determined using a valuation technique that maximises the use of input data observable on the market and minimises the use of non-observable parameters. Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Derivatives are treated as assets when they have a positive fair value and as liabilities when they have a negative fair value. The company offsets positive and negative fair values arising on transactions with the same counterparty, when such offsetting is provided for contractually;
- *Loans and receivables:* these are non-derivative financial instruments, mainly trade receivables (from subsidiaries and associates), which are not quoted on an active market from which the company expects to receive fixed or determinable payments. They are recognised as current (when the deadline is within ordinary commercial terms) except for those with a deadline of more than 12 months after the reporting date, which are classified as non-current. These assets are measured at amortised cost using the effective interest method. If there is objective indication of impairment, the asset is impaired to the present value of future cash flows. Impairment losses are recognised in profit or loss. If the reasons for the impairment are no longer valid in future years, the impairment loss is reversed to the amount the asset would have had, had the impairment loss not been recognised and the amortised cost method applied.

Financial assets are derecognised when the right to receive cash flows therefrom has been extinguished and the company has transferred substantially all the risks and rewards of ownership and the related control.

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, less directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the company has the unconditional right to defer their payment for at least 12 months after the reporting date.

Financial liabilities are derecognised when they are extinguished and the company has transferred all the risks and obligations related thereto.

Derivatives

The Company uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices.

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

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in profit or loss.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity’s risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge’s effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in profit or loss.

In the case of cash flow hedges (hedges designated to offset the risk of changes in cash flows generated by the future execution of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to profit or loss under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately charged to profit or loss. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related

to that instrument is immediately reversed to profit or loss. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to profit or loss using the above classification method when the originally hedged transaction takes place.
The fair value of financial instruments was calculated used pricing techniques in order to define the present value of future cash flows attributable to such instruments using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the company and the counterparty) was measured using yield-curve spreads.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue.
Defined benefit plans include the post-employment benefits (TFR) due to employees pursuant to article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law reform, post-employment benefits accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the company's liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.
The accounting treatment adopted by the Company since 1 January 2007 (described below) complies with the prevailing interpretation of the new legislation and follows the accounting guidance provided by relevant professional bodies. Specifically:

- Post-employment benefits accruing since 1 January 2007 are considered to be defined contribution plans, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as personnel expense.
- Post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, the actuarial calculation used to determine the 31 December 2015 balance did not include future salary increases.

Independent actuaries calculate the present value of the company's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the

employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation[1] and employee turnover rate.
Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the company's obligations at the reporting date, due to changes in the actuarial assumptions used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose contingency or amount is unknown at the reporting date.
Accruals to provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as a financial expense.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and it can be estimated reliably. Revenue is recognised net of discounts, allowances and returns.
Revenue from the rendering of services is recognised when the services are rendered by reference to the stage of completion of the transaction at the end of the reporting period.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established.

Income taxes

Current income taxes are determined using an estimate of the tax base and current regulations.

[1] Discounting uses the curve of the IRS rates equal to the term of the relevant observation period (50 years).

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, applying the tax rates expected to be enacted in the years in which the temporary differences will reverse.

The company recognises deferred tax assets when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in profit and loss except for those related to captions directly recognised in other comprehensive income. They are offset when the taxes are imposed by the same tax authority, the company has the legal right to offset them and the net balance is expected to be paid.

Other non-income taxes, such as property taxes, are recognised under operating costs.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency are recognised using the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the Euro are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss. If a net gain arises at the reporting date, it is recognised in a specific reserve and cannot be distributed until it is realised.

Use of estimates

Preparation of financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements captions that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the company's separate financial statements are the following:

- measurement of non-current assets;
- deferred tax assets and liabilities.

Management regularly reviews the estimates and assumptions and the effects of each change are recognised in profit or loss if the change only affects that year. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.

Changes in accounting policies, errors and changes in estimates

The company modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, performance and cash flows.

Changes in accounting policies are recognised retrospectively, with the opening balance of each equity component affected for the earliest comparative period presented. and other comparative amounts shown for each comparative period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

If a change in accounting policy is required by a new or revised standard, the change is accounted for as required by that new pronouncement or, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. If this is impracticable, it is applied prospectively.

This same approach is applied to material errors. Non-material errors are recognised in profit or loss in the period in which the error is identified.

Changes in estimates are recognised prospectively in profit or loss in the period in which the change takes place if it only affects that period or in the period in which the change takes place and subsequent periods if the change also affects these periods.

Financial risk management

Cementir Holding SpA is exposed to financial risks related to its operations, namely:

Credit risk

The company has no material exposure to credit risk as its receivables are of small amounts, due mainly from subsidiaries for services provided to them.

With respect to bank deposits and derivatives, the company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

The company is exposed to liquidity risk as concerns the availability of financial resources and access to the credit market and financial instruments in general. Given its strong financial position, this risk is not material. Nonetheless, Cementir Holding SpA manages liquidity risk by carefully monitoring cash flows and funding requirements. It has sufficient credit facilities to meet any unforeseen requirements.

Market risk

Market risk mainly concerns fluctuations in currency and interest rates.

Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Finally, Cementir Holding SpA has floating-rate bank loans and borrowings and is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

1) Intangible assets

Intangible assets, totalling EUR 2,487 thousand (31 December 2014: EUR 944 thousand) included costs incurred to purchase and implement IT software. The increase over the previous year was due to higher investments of the Parent to improve applications, infrastructure and processes to support operating companies.

Amortisation is calculated over five years.

(EUR '000)	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2015	**4,958**	**-**	**4,958**
Increase	1,784	494	2,278
Gross amount at 31 December 2015	**6,742**	**494**	**7,236**
Amortisation at 1 January 2015	**4,014**	**-**	**4,014**
Increase	735	-	735
Amortisation at 31 December 2015	**4,749**	**-**	**4,749**
Net amount at 31 December 2015	**1,993**	**494**	**2,487**
Gross amount at 1 January 2014	**4,524**	**-**	**4,524**
Increase	434	-	434
Gross amount at 31 December 2014	**4,958**	**-**	**4,958**
Amortisation at 1 January 2014	**3,616**	**-**	**3,616**
Increase	398	-	398
Amortisation at 31 December 2014	**4,014**	**-**	**4,014**
Net amount at 31 December 2014	**944**	**-**	**944**

2) Property, plant and equipment

At 31 December 2015, the caption totalled EUR 419 thousand (31 December 2014: EUR 443 thousand) and consisted of furniture, electronic equipment and servers and motor vehicles used by the company.

(EUR '000)	Other assets	Total
Gross amount at 1 January 2015	**1,064**	**1,064**
Increase	-	-
Gross amount at 31 December 2015	**1,064**	**1,064**
Depreciation at 1 January 2015	**621**	**621**
Increase	24	24
Depreciation at 31 December 2015	**645**	**645**
Net amount at 31 December 2015	**419**	**419**
Gross amount at 1 January 2014	**770**	**770**
Increase	294	294
Gross amount at 31 December 2014	**1,064**	**1,064**
Depreciation at 1 January 2014	**538**	**538**
Increase	83	83
Depreciation at 31 December 2014	**621**	**621**
Net amount at 31 December 2014	**443**	**443**

3) Investment property

Investment property, totalling EUR 23,000 thousand (unchanged from the previous year), is recognised at fair value, as determined using appraisals prepared by a property assessor. The amount refers to a property in Torrespaccata (Rome). Around EUR 18.6 million of investment property has been pledged as collateral to secure non-current bank loans and borrowings with a residual, undiscounted amount of EUR 8,818 thousand at 31 December 2015.

4) Investments in subsidiaries

Totalling EUR 365,462 thousand (31 December 2014: EUR 410,965 thousand) the caption breaks down as follows:

(EUR '000)	Currency	Registered office	Investment %	Carrying amount at 31.12.2015	Investment %	Carrying amount at 31.12.2014
Cimentas AS	TRY	Izmir (Turkey)	-	-	12.80%	45,503
Cementir España SL	EUR	Madrid (Spain)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (Italy)	99.99%	85,220	99.99%	85,220
Cementir Italia SpA	EUR	Rome (Italy)	99.99%	72,707	99.99%	73,507
Basi 15 Srl	EUR	Rome (Italy)	99.99%	400	-	-
Svim 15 Srl	EUR	Rome (Italy)	99.99%	400	-	-
Equity investments				**365,462**		**410,965**

The change with respect to 2014, totalling EUR 45,503 thousand, was due to the disposal of the equity investment in Cimentas AS, equal to 12.8% of its share capital, to the subsidiary Aalborg Portland A/S, which took place in July 2015. The sale qualifies as a common control transaction and, accordingly, was recognised using the previous carrying amounts of the investment without generating any effect on profit or loss.

The companies Basi 15 Srl and Svim 15 Srl were born out of the spin-off of assets that are not instrumental to the operations of Cementir Italia SpA, which took place in July, and therefore the value of the equity investment in these two new companies, equal to EUR 800 thousand, reflects the decrease in the value of the equity investment in Cementir Italia SpA.

In addition, the carrying value of Cementir Italia was verified through impairment testing conducted by comparing the carrying amount with the investee's value in use, determined using the discounted cash flow (DCF) method applied to future cash flows. Cash flow was projected using budget forecasts for 2016 and for the subsequent four years while the terminal value was determined using a perpetual growth rate of 1.5%. The discount rate applied to the future cash flows was determined using a weighted average cost of capital (WACC) equal to 6.5%. The company did not identify any indication of impairment. However, a sensitivity analysis of the parameters used for the impairment test showed that the estimated recoverable amount of Cementir Italia is influenced by the discount rate and the growth rate used, as well as the company's ability to achieve the forecast business and financial performance.

All investments in subsidiaries are in unlisted companies.

5) Non-current financial assets

The caption totalled EUR 56 thousand (31 December 2014: EUR 141 thousand) and consisted of guarantee deposits expiring within five years.

6) Trade receivables

Trade receivables totalled EUR 19,626 thousand (31 December 2014: EUR 15,935 thousand) and break down as follows:

(EUR '000)		31.12.2015	31.12.2014
Trade receivables from third parties		774	123
Allowances for impairment		-	-
Trade receivables - subsidiaries	(note 30)	18,852	15,224
Trade receivables - other group companies	(note 30)	-	588
Trade receivables		**19,626**	**15,935**

The carrying amount of trade receivables approximates their fair value.

The breakdown by due date of trade receivable from third parties is shown below:

(EUR '000)	31.12.2015	31.12.2014
Not yet due	774	123
Overdue	-	-
Allowances for impairment	-	-
Total trade receivables from third parties	**774**	**123**

Trade receivables due from subsidiaries refer to consultancy services provided to them and royalties on their use of the trademark.

Note 30 Related-Party Transactions provides more information about trade receivables from subsidiaries, associates and other Group companies.

7) Current financial assets

Current financial assets totalled EUR 224,723 thousand (31 December 2014: EUR 193,132 thousand) and consisted of: interest-bearing revocable loans (with a floating rate of 1.0%, in line with current market rates) for EUR 181,740 thousand, EUR 3,140 thousand and EUR 802 thousand granted to the subsidiaries Cementir Italia SpA, Basi 15 Srl and Svim 15 Srl, respectively; a non-interest-bearing revocable loan for EUR 38,593 thousand granted to the subsidiary Alfacem Srl; a non-interest bearing revocable loan for EUR 78 thousand to Cementir España SL; and the positive fair value of a number of interest rate, commodity and exchange rate hedging derivatives worth EUR 370 thousand.

The rise in the caption compared to 2014 was due to higher loans to Cementir Italia SpA and Alfacem Srl for the purposes of optimising Group treasury management and to cover the subsidiaries' temporary funding requirements.

8) Current tax assets

Current tax assets totalled EUR 5,069 thousand (31 December 2014: EUR 4,827 thousand) and consisted of IRES and IRAP payments on account to the tax authorities in the current and previous years (EUR 2,243 thousand), IRES reimbursements requested for the non-deductibility of IRAP in previous years (EUR 1,009 thousand) and withholdings on both grants related to interest received from Simest and royalties from the use of the trademark by the Turkish subsidiary Cimentas (EUR 1,817 thousand).

9) Other current assets

The caption totalled EUR 1,120 thousand (31 December 2014: EUR 1,092 thousand) and breaks down as follows:

(EUR '000)		31.12.2015	31.12.2014
Subsidiaries (IRES tax consolidation scheme)	(note 30)	589	722
Prepayments		312	265
VAT assets		112	-
Other assets		107	105
Other current assets		**1,120**	**1,092**

10) Cash and cash equivalents

This caption, totalling EUR 4,352 thousand (31 December 2014: EUR 3,267 thousand) consists of cash and cash equivalents held by the company and breaks down as follows:

(EUR '000)		31.12.2015	31.12.2014
Bank deposits		2,887	2,915
Bank deposits - related parties	(note 30)	1,462	349
Cash-in-hand and cash equivalents		3	3
Cash and cash equivalents		**4,352**	**3,267**

11) Share capital

The share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year.

12) Share premium reserve

This caption, at 31 December 2015, totalling EUR 35,710 thousand, is unchanged from the previous year.

13) Other reserves

Other reserves totalled EUR 311,659 thousand (31 December 2014: EUR 403,029 thousand) and break down as follows:

(EUR '000)	31.12.2015	31.12.2014
Monetary revaluation reserves	97,733	97,733
Legal reserve	31,824	31,824
Other reserves	111,462	111,462
Other IFRS reserves	18,608	94,066
Retained earnings	52,032	67,944
Other reserves	**311,659**	**403,029**

Other IFRS reserves break down as follows:

(EUR '000)	31.12.2015	31.12.2014
Fair value reserves – property, plant and equipment	18,682	94,135
Discounting reserves – financial liabilities	61	61
Actuarial reserves	(135)	(130)
Total other IFRS reserves	**18,608**	**94,066**

Equity captions

The following table shows the origin, possible use and availability of equity captions:

(EUR '000)

Nature / Description	Amount	Possible use	Available portion	Summary of utilisation in previous three years: to cover losses	Summary of utilisation in previous three years: for other reasons
Share capital	159,120				
Share premium reserve	35,710	A,B,C	35,710		
Revaluation reserve, as per Law 342/2000 in the years 2000 and 2003	97,733	A,B,C	97,733		
Legal reserve	31,824	B	31,824		
Reserve for grants related to assets	13,207	A,B	13,207		
Reserve as per article 15 Law 67 of 11/3/88	138	A,B	138		
Reserve as per Law 349/95	41	A,B	41		
Negative goodwill	98,076	A,B,C	98,076		
Other IFRS reserves - Revaluation reserve a per Law 266/05	13,573	A,B,C	13,573	77,062	
Other IFRS reserves	5,035				
Retained earnings – Mandatory adjustment to revaluation reserve as per Law 266/05	16,229	A,B,C	16,229		
Retained earnings	35,803	A,B,C	35,803	14,658	35,006
Total	**347,369**		**342,334**	**91,720**	**35,006**
Non-distributable portion			**45,210**		
Remaining distributable portion			**297,124**		

Key: **A**: for capital increases **B**: to cover losses **C**: for dividend distributions

The reserves that form part of the company's taxable profit if distributed total EUR 127,533 thousand.
The non-distributable portion includes the legal reserve, the reserve for grants related to assets, the reserve as per art. 15 of Law 67 of 11/3/88 and the reserve as per Law 349/95.

Dividends
On 10 March 2016, the Board of Directors proposed that a dividend of EUR 0.10 per ordinary share be distributed to the shareholders, for a total of EUR 15,912 thousand.
During the year, the company distributed a total of EUR 15,912 thousand in dividends to shareholders for 2014, corresponding to EUR 0.10 per ordinary share.

14) Employee benefits
Post-employment benefits totalled EUR 454 thousand (31 December 2014: EUR 438 thousand). The figure represents the company's estimate of its obligation, determined using actuarial techniques, towards employees upon termination of employment. On 1 January 2007, the Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. Benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.
As a result of the reforms, accruing post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.

The actuarial assumptions used for their measurement are summarised below:

Values in %	**31.12.2015**	**31.12.2014**
Annual discount rate	1.40%	1.60%
Annual post-employment benefits growth rate	2.62%	2.62%

Changes in the liability are shown below:

(EUR '000)	**31.12.2015**	**31.12.2014**
Net opening balance	**438**	**407**
Current service cost	-	-
Financial expense	7	13
Payments of post-employment benefits	-	(3)
Net actuarial (gains) / losses recognised in the year	7	21
(Contributions received)	2	-
(Benefits paid)	-	-
Net closing balance	**454**	**438**

15) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR '000)		31.12.2015	31.12.2014
Bank loans and borrowings		16,890	26,701
Bank loans and borrowings - related parties	(note 30)	50,000	50,000
Non-current financial liabilities		**66,890**	**76,701**
Bank loans and borrowings		53,150	10,000
Bank loans and borrowings - related parties	(note 30)	-	18,850
Current portion of non-current financial liabilities		9,856	9,829
Fair value of derivatives		12,346	16,001
Other loan liabilities		135	146
Current financial liabilities		**75,487**	**54,826**
Total financial liabilities		**142,377**	**131,527**

Non-current bank loans and borrowings, totalling EUR 66,890 thousand, refer to a floating-rate mortgage loan (6-month Euribor + spread of 0.75%) granted by Banca Intesa SpA on the property owned by the company in Torrespaccata, due in 2024 (EUR 7,932 thousand); a floating-rate loan (6-month Euribor + spread of 1.25%) granted by Monte dei Paschi di Siena SpA, due in 2017 (EUR 8,958 thousand); and a floating-rate loan (3-month Euribor + spread of 1.15%) granted by UniCredit SpA, due in 2017 (EUR 50 million).

The current portion of non-current financial liabilities includes repayment instalments on the floating-rate loan (6-month Euribor + spread of 0.75%) granted by Banca Intesa SpA due in 2016 (EUR 853 thousand); the loan is secured by a company-owned property in Torrespaccata. The caption also includes repayment instalments due in the year on the floating-rate loan (6-month Euribor + spread of 1.25%) granted by Monte dei Paschi di Siena SpA (EUR 9,000 thousand) and an overdraft facility on the current account held at the reporting date with Credito Emiliano (EUR 3 thousand).

Other loan liabilities, totalling EUR 135 thousand, mainly consist of accrued interest due on non-current loans.

The negative fair value of derivatives totalled approximately EUR 12,346 thousand; the figure is related to the fair value measurement at 31 December 2015 of derivatives purchased to hedge interest rate, commodity price and currency risks connected with liabilities falling due between January 2016 and December 2025.

Approximately 48% of financial liabilities require compliance with financial covenants. At 31 December 2015, the company has complied with these covenants.

At 31 December 2015, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 19.1 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at the same date amounted to EUR 14,521 thousand. They include a surety of EUR 8,856 thousand (GBP 6.5 million) given to Intesa San Paolo SpA for the subsidiaries Quercia

Limited and Neals Waste Management, and a surety of EUR 5,665 thousand (CNY 40 million) to BNP Paribas China Ltd for the subsidiary Aalborg Portland Anqing.

Sureties in GBP and CNY were translated into Euros at the exchange rates effective at 31 December 2015, equal to EUR/GBP 0.7340 and EUR/CNY 7.0608.

The company's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR '000)		31.12.2015	31.12.2014
Within three months		53,158	28,857
- *third parties*		*53,158*	*10,006*
- *related parties*	*(note 30)*	-	*18,851*
Between three months and one year		22,329	25,969
- *third parties*		*22,329*	*25,969*
- *related parties*	*(note 30)*	-	-
Between one and two years		59,840	9,853
- *third parties*		*9,840*	*9,853*
- *related parties*	*(note 30)*	*50,000*	-
Between two and five years		2,832	61,654
- *third parties*		*2,832*	*11,654*
- *related parties*	*(note 30)*	-	*50,000*
After five years		4,218	5,194
Total financial liabilities		**142,377**	**131,527**

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by Consob Communication No. 6064293 of 28 July 2006, the company's net financial position is shown in the next table:

(EUR '000)	31.12.2015	31.12.2014
A. Cash	3	3
B. Other cash equivalents	4,349	3,264
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	**4,352**	**3,267**
E. Current loan assets	**224,723**	**193,132**
F. Current bank loans and borrowings	(53,153)	(28,854)
G. Current portion of non-current debt	(9,853)	(9,825)
H. Other current loan liabilities	(12,481)	(16,147)
I. Current financial debt (F+G+H)	**(75,487)**	**(54,826)**
J. Net current financial position (debt) (I-E-D)	**153,588**	**141,573**
K. Non-current bank loans and borrowings	(66,890)	(76,701)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(66,890)**	**(76,701)**
O. Net financial debt (J+N)	**86,698**	**64,872**

The financial debt with related parties includes credit positions of EUR 225.8 million (31 December 2014: EUR 193.2 million) and debit positions of EUR 50.0 million (31 December 2014: EUR 68.8 million).

16) Trade payables

The carrying amount of trade payables approximates their fair value. Their balance of EUR 2,853 thousand (31 December 2014: EUR 2,270 thousand) may be analysed as follows:

(EUR '000)		31.12.2015	31.12.2014
Trade payables		2,397	1,804
Trade payables - related parties	(note 30)	456	466
Trade payables		**2,853**	**2,270**

Note 30 Related-party transactions gives a breakdown of trade payables to subsidiaries, associates and parents.

17) Deferred tax assets and liabilities

(EUR '000)	**31.12.2014**	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	**31.12.2015**
Tax losses	42,468	(2,953)	-	39,515
Other	2,860	(246)	2	2,616
Deferred tax assets	**45,328**	**(3,199)**	**2**	**42,131**
Difference between fair value of property, plant and equipment and their tax base	4,752	(513)	-	4,239
Employee benefits	-	-	-	-
Deferred tax liabilities	**4,752**	**(513)**	**-**	**4,239**

At 31 December 2015, deferred tax assets, totalling EUR 42,131 thousand, consisted entirely of IRES assets due to the tax losses of companies that opted to join the national tax consolidation scheme. The company expects to recover them over the coming years within the timeframe defined by the relevant legislation. The change on the previous year, equal to a reduction of EUR 3,197 thousand, derives mainly from the recalculation of tax credit as a result of the new IRES tax rate applicable in Italy from 2017 (fall of EUR 6,143 thousand), net of deferred tax assets recognised in tax losses for the year in progress (EUR 2,944 thousand).
Deferred tax liabilities totalling EUR 4,239 thousand at the reporting date, consisted of EUR 3,517 thousand in IRES liabilities and EUR 722 thousand in IRAP liabilities. The decrease on the previous year, derives mainly from the recalculation of tax payables as a result of the new IRES tax rate applicable in Italy from 2017 (fall of EUR 513 thousand).

18) Other current liabilities

(EUR '000)		**31.12.2015**	**31.12.2014**
Personnel		1,168	1,641
Social security institutions		569	406
Other liabilities		2,214	2,226
Subsidiaries (IRES and VAT tax consolidation scheme)	(note 30)	31,546	33,014
Deferred income		-	33
Other current liabilities		**35,497**	**37,320**

The amount due to subsidiaries primarily comprises amounts owed by Cementir Holding to companies that have joined the national IRES tax consolidation scheme following the assignment of tax losses of previous years.

19) Revenue

(EUR '000)	2015	2014
Services	17,863	17,767
Revenue	**17,863**	**17,767**

Revenue from services includes EUR 10,661 thousand in income from consultancy services provided to subsidiaries and EUR 7,202 thousand from royalties on the use of the trademark by those same subsidiaries.

Note 30 Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

20) Increase for internal work

Increase for internal work, equal to EUR 664 thousand, reflects the work performed by employees of Cementir Holding to install IT software that will have economic benefits over multiple years. This amount was capitalised in intangible assets and will be amortised according to the useful life of the IT software.

21) Other operating revenue

(EUR '000)	2015	2014
Building lease payments	380	660
Other operating revenue	**380**	**660**

Building lease payments refer to leases on the property in Torrespaccata, Rome; the decrease on the previous year derives from the decrease in the rent on the portion of the building used as offices and the expiry during the course of the year of the contract for the use of the warehouses.

22) Personnel costs

(EUR '000)	2015	2014
Wages and salaries	7,151	5,676
Social security charges	2,001	1,623
Other costs	(537)	1,732
Personnel costs	**8,615**	**9,031**

Other costs is positive at EUR 537 thousand due to the release of provisions for variable employee remuneration, which were higher than the amounts effectively paid out.

The company's workforce breaks down as follows:

	31.12.2015	31.12.2014	2015 average	2014 average
Executives	23	22	23	21
Middle management, white collars and intermediates	39	39	41	39
Total	**62**	**61**	**64**	**60**

23) Other operating costs

(EUR '000)	2015	2014
Consultancy	2,572	1,167
Directors' fees	3,671	3,383
Independent auditors' fees	105	117
Other services	2,084	2,251
Other operating costs	3,852	3,042
Other operating costs	**12,284**	**9,960**

Consultancy costs increased due to non recurring costs for due diligence activities.

Other services included, inter alia, statutory auditors' fees (EUR 140 thousand) and management costs for the Torrespaccata property (EUR 10 thousand). Other operating costs included the lease payments for the Corso di Francia property (EUR 1,370 thousand),

The total includes transactions with related parties (see note 30).

24) Amortisation, depreciation, impairment losses and provisions

(EUR '000)	2015	2014
Amortisation	735	398
Depreciation	126	89
Amortisation, depreciation, impairment losses and provisions	**861**	**487**

25) Net financial income (expense)

Financial income net of expenses totalled EUR 657 thousand and breaks down as follows:

(EUR '000)	2015	2014
Dividends from other companies	-	-
Interest income	1,971	1,451
Grants related to interest - Simest	165	521
Other financial income	4,928	2,519
Total financial income	**7,064**	**4,491**
Interest expense	(5,990)	(5,447)
Other financial expense	(417)	(74,853)
Total financial expense	**(6,407)**	**(80,300)**
Net financial income (expense)	**657**	**(75,809)**

Other financial income totalled EUR 4,928 thousand and mainly consisted of gains on derivative financial instruments purchased to hedge currency, interest rate and commodities risks.

The significant improvement in net financial income (expense) was due to the positive effect of the aforementioned derivatives as well as the EUR 69,700 thousand write-down during the previous year of the equity investment in the subsidiary Cementir Italia S.p.A..

Net financial income also includes income from related-party transactions (see note 30).

26) Income taxes

The caption shows a net tax expense of EUR 1,318 thousand (2014: income of EUR 1,407 thousand) and breaks down as follows:

(EUR '000)	2015	2014
Current taxes	1,368	(4,456)
- *IRES*	*1,418*	*(3,869)*
- *IRAP*	*(50)*	*(587)*
Deferred tax assets	(2,686)	5,863
- *IRES*	*(3,199)*	*5,863*
- *IRAP*	-	-
Deferred tax liabilities	-	-
- *IRES*	*513*	-
Income taxes	**(1,318)**	**1,407**

Tax expense for the year of EUR 1,318 thousand (2014: income of 1,407 thousand), was affected by the recalculation of intergroup relationships between companies that joined the national tax consolidation scheme as well as deferred tax assets and liabilities due to the new IRES tax rate applicable in Italy from 2017 (24% instead of 27.5%), which had an overall negative effect of EUR 1,392 thousand.

The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in profit or loss:

(EUR '000)	2015	2014
Theoretical tax expense	**604**	**21,136**
Taxable permanent differences	(5,632)	(24,784)
Deductible permanent differences	5,232	5,283
Prior year taxes	(80)	359
Change in IRES tax rate	(1,392)	-
Effective IRAP tax expense	(50)	(587)
Income taxes	**(1,318)**	**1,407**

27) Other comprehensive income (expense)

The following table gives a breakdown of other comprehensive expense, including the related tax effect:

(EUR '000)	2015			2014		
	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax amount
Financial instruments	-	-	**-**	-	-	**-**
Actuarial gains (losses) on post-employment benefits	(7)	2	**(5)**	(26)	7	**(19)**
Total other comprehensive income (expense)	**(7)**	**2**	**(5)**	**(26)**	**7**	**(19)**

28) Financial risk management and disclosures

The company is exposed to financial risks connected with its operations, namely:

Credit risk

The company's exposure to credit risk is not considered particularly significant as it chiefly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.

Note 6 provides details about trade receivables due from third parties that are overdue, impaired or not yet due.

With respect to bank deposits and derivatives, the company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to the credit market and financial instruments.

The company monitors its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

The company has credit facilities which cover any unforeseen requirements.

Note 15 provides a breakdown of financial liabilities by due date.

Market risk

Market risk mainly concerns exchange and interest rate risks.

Currency risk

Cementir Holding SpA is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

The company has floating rate bank loans and is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in Euros and the medium to long-term interest rate curve is not steep. The company purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

At 31 December 2015, the company's net financial debt amounted to EUR 86.7 million (including EUR 229.1 million in current loan assets and cash and cash equivalents, EUR 75.5 million in current loan liabilities and EUR 66.9 million in non-current loan liabilities). All its exposures are subject to floating interest rates.

At 31 December 2014 the company's net financial debt amounted to EUR 64.9 million (including EUR 196.4 million in current loan assets and cash and cash equivalents, EUR 54.8 million in current loan liabilities and EUR 76.7 million in non-current loan liabilities). All its exposures are subject to floating interest rates.

Assuming all the other variables remained stable, an annual 1% increase in interest rates would have had a positive effect on profit before taxes of EUR 0.4 million (2014: positive effect of EUR 0.3 million) and a positive effect on equity of EUR 0.3 million (31 December 2014: positive effect of EUR 0.2 million) with respect to the floating rates applicable to net financial debt. A similar decrease in interest rates would have an identical negative impact.

29) Fair value hierarchy

IFRS 13 requires that financial instruments carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: determination of fair value using quoted prices on active markets for the assets or liabilities being measured;
- Level 2: determination of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: determination of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2015

(EUR '000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	**23,000**
Total assets		**-**	**-**	**23,000**	**23,000**
Current financial liabilities (derivative instruments)	15	-	(12,346)	-	**(12,346)**
Total liabilities		**-**	**(12,346)**	**-**	**(12,346)**

31 December 2014

(EUR '000)	Note	Level 1	Level 2	Level 3	Total
Investment property	3			23,000	**23,000**
Total assets		**-**	**-**	**23,000**	**23,000**
Current financial liabilities (derivative instruments)	15	-	(16,001)	-	**(16,001)**
Total liabilities		**-**	**(16,001)**	**-**	**(16,001)**

No transfers among the levels took place during 2015 and no changes in level 3 were made.

30) Related-party transactions

Transactions performed by the Company with related parties are part of normal business operations and take place at market conditions. No atypical or unusual transactions took place.

On 5 November 2010, the Board of Directors of Cementir Holding SpA approved a new procedure for related-party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto, designed to ensure the transparency and the substantial and procedural fairness of related-party transactions within the Group. The procedure is applicable starting from 1 January 2011 and is published on the corporate website www.cementirholding.it.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related-party transactions and their effects are reported in the table below:

Trade and financial transactions

2015

(EUR '000)	Trade receivables	Current financial assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Total Company
Betontir SpA	4	-	16	-	-	-	(3,984)	**(3,964)**
Cimentas AS	9,818	-	-	-	-	-	(3)	**9,815**
Alfacem Srl	-	38,593	269	-	-	-	(167)	**38,695**
Aalborg Portland A/S	2,468	-	-	-	-	-	-	**2,468**
Basi 15 Srl	-	3,140	-	-	-	-	(13)	**3,127**
Svim 15 Srl	-	802	-	-	-	-	(1)	**801**
Cementir España SL	-	78	-	-	-	-	-	**78**
Cementir Italia SpA	6,562	181,740	304	-	(422)	-	(27,378)	**160,806**
Vianini Lavori SpA	-	-	-	-	(26)	-	-	**(26)**
Vianini Ingegneria SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	-	-	-	-	(8)	-	-	**(8)**
Unicredit SpA	-	-	-	9	-	(50,000)	-	**(49,991)**
Finnat Euramerica SpA	-	-	-	1,453	-	-	-	**1,453**
Total	**18,851**	**224,353**	**589**	**1,462**	**(456)**	**(50,000)**	**(31,546)**	**163,254**
Total financial statements caption	**19,626**	**224,723**	**1,120**	**4,352**	**(2,853)**	**(142,377)**	**(35,281)**	
% of financial statements caption	**96.05%**	**99.84%**	**52.58%**	**33.59%**	**15.98%**	**35.12%**	**89.41%**	

2014

(EUR '000)	Trade receivables	Current financial assets	Other current assets	Cash and cash equivalents	Trade payables	Current and non-current loan liabilities	Other current liabilities	Total Company
Betontir SpA	4	-	-	-	-	-	(3,972)	**(3,968)**
Cimentas AS	4,214	-	-	-	-	-	(6)	**4,209**
Alfacem Srl	-	31,965	269	-	-	-	(153)	**32,081**
Aalborg Portland A/S	5,833	-	-	-	-	-	-	**5,834**
Cementir España SL	-	40	-	-	-	-	-	**40**
Cementir Italia SpA	5,172	160,867	453	-	(433)	-	(28,883)	**137,176**
Vianini Lavori SpA	-	-	-	-	(26)	-	-	**(26)**
Vianini Ingegneria SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	-	-	-	-	(7)	-	-	**(7)**
E-Care SpA	588	-	-	-	-	-	-	**588**
Unicredit SpA	-	-	-	18	-	(68,851)	-	**(68,833)**
Finnat Euramerica SpA	-	-	-	331	-	-	-	**331**
Total	**15,811**	**192,872**	**722**	**349**	**(466)**	**(68,851)**	**(33,014)**	**107,425**
Total financial statements caption	**15,935**	**193,132**	**1,092**	**3,267**	**(2,270)**	**(131,527)**	**(37,320)**	
% of financial statements caption	**99.22%**	**99.87%**	**66.12%**	**10.68%**	**20.53%**	**52.35%**	**88.46%**	

Revenue and costs

2015

(EUR '000)	Operating revenue	Financial income	Personnel costs	Operating costs	Financial expense	Total Company
Caltagirone SpA	-	-	-	(450)	-	**(450)**
Cimentas AS	5,741	-	-	-	-	**5,741**
Alfacem Srl	-	-	-	-	-	**-**
Basi 15 Srl	-	10	-	-	-	**10**
Svim 15 Srl	-	3	-	-	-	**3**
Aalborg Portland A/S	9,790	-	-	-	-	**9,790**
Cementir Italia SpA	2,332	1,942	-	(1,374)	-	**2,900**
Vianini Lavori SpA	-	-	-	(42)	-	**(42)**
Vianini Ingegneria SpA	-	-	-	-	-	**-**
Piemme SpA	-	-	-	(28)	-	**(28)**
Unicredit SpA	-	-	-	-	(1,658)	**(1,658)**
Finnat Euramerica SpA	-	-	-	-	(79)	**(79)**
Total	**17,863**	**1,955**	**-**	**(1,894)**	**(1,737)**	**16,187**
Total financial statements caption	**18,907**	**7,064**	**(8,615)**	**(12,284)**	**(6,407)**	
% of financial statements caption	**94.48%**	**27.67%**	**-**	**15.42%**	**27.11%**	

2014

(EUR '000)	Operating revenue	Financial income	Personnel costs	Operating costs	Financial expense	Total Company
Caltagirone SpA	-	-	-	(450)	-	**(450)**
Cimentas AS	5,983	-	-	-	-	**5,983**
Alfacem Srl	-	-	-	-	-	**-**
Aalborg Portland A/S	9,591	-	-	-	-	**9,591**
Cementir Italia SpA	2,193	1,415	-	(1,370)	-	**2,238**
Vianini Lavori SpA	-	-	-	(42)	-	**(42)**
Vianini Ingegneria SpA	-	-	-	(4)	-	**(4)**
Piemme SpA	-	-	-	(26)	-	**(26)**
E-Care SpA	440	34	-	-	-	**474**
Unicredit SpA	-	-	-	-	(726)	**(726)**
Finnat Euramerica SpA	-	1	-	-	(43)	**(42)**
Total	**18,207**	**1,450**	**-**	**(1,892)**	**(769)**	**16,996**
Total financial statements caption	**18,427**	**4,491**	**(9,031)**	**(9,960)**	**(80,300)**	
% of financial statements caption	**98.81%**	**32.29%**	**-**	**19.00%**	**0.96%**	

Revenue from transactions with the subsidiaries Cimentas AS, Aalborg Portland A/S and Cementir Italia SpA refers to brand royalty fees and management fees. Operating costs with the subsidiary Cementir Italia, totalling EUR 1,374 thousand, refer to rent payments for the Corso di Francia building, where the company's registered office is located.

Trade receivables refer to invoices for management and branding fees sent to the companies Cimentas, Aalborg Portland and Cementir Italia.

Financial assets refer to interest-bearing loans to Cementir Italia SpA (EUR 181,740 thousand), Basi 15 Srl (EUR 3,140 thousand) and Svim 15 Srl (EUR 802 thousand), and non-interest bearing loans to Alfacem (EUR 38,593 thousand) and Cementir España (EUR 78 thousand).

Trade payables mainly comprise rent instalments on the Corso di Francia office due to Cementir Italia (EUR 422 thousand).

Financial liabilities refer to a floating-rate loan of EUR 50 million (Euribor 3 months + spread of 1.15%) granted by Unicredit SpA, due in 2017.

Other current liabilities mainly result from the effects of Cementir Italia, Betontir and Alfacem joining the tax consolidation scheme.

31) Independent auditors' fees

Fees paid in 2015 to the independent auditors totalled approximately EUR 385 thousand (31 December 2014: EUR 104 thousand), including EUR 98 thousand for auditing (31 December 2014: EUR 104 thousand) and EUR 287 thousand for other services of due diligence.

Rome, 10 March 2016

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

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Certification of the separate financial statements as per 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 Massimo Sala, as Manager responsible for financial reporting, of Cementir Holding SpA, hereby certify, having also taken into consideration the provisions of Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the separate financial statements for the year ended 31 December 2015.

2. No significant aspects emerged in this regard.

3. It is also certified that:

3.1 the separate financial statements:

a) have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as per Regulation (EC) No 1606/2002/EC of the European Parliament and of the council of 19 July 2002;

b) are consistent with the entries in the accounting books and records;

c) provide a true and fair representation of the financial position, earnings performance and cash flows of the issuer.

3.2 the directors' report, prepared using a standard format for both the separate and consolidated financial statements, includes a reliable analysis of operations and operating results, in addition to the financial position of the issuer together with a description of the main risks and uncertainties to which the company is exposed.

Rome, 10 March 2016

Chairman of the Board of Directors	Manager responsible for financial reporting
/s/ Francesco Caltagirone Jr.	/s/ Massimo Sala

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Cementir Holding S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Cementir Holding S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2015, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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20124 Milano MI ITALIA

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Cementir Holding S.p.A. as at and for the year ended 31 December 2015.

Rome, 25 March 2016

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

CEMENTIR HOLDING S.p.A.

Rome, Corso di Francia 200
Tax ID no. 00725950638 – VAT no. 02158501003

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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

During 2015, we again performed the management supervisory functions required by the law, and in particular Legislative Decree 58 of 24 February 1998, as auditing activities are performed by KPMG S.p.A., with whom we maintained constant contact, 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, including by coordinating with the Internal Audit and Compliance functions;
- 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 obtained during meetings of 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 S.p.A. 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, and with the head of the Internal Auditing unit and the manager responsible for corporate legal affairs. 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 meetings of the Supervisory Body to the extent possible, reporting on its proceedings to the other members of the Board of Auditors. The Supervisory Body was also invited to participate in the meetings of the Board of Auditors, with the presence of all control managers;
- we monitored the work of the Control and Risks Committee, whose meetings were attended by the Chairman of the Board of Auditors, who provided his contribution in line with the principle of exchanging information between control bodies. The Chairman also attended the meetings of the Appointments and Remuneration Committee;
- we verified and confirmed that this Board meets the independence requirements as indicated in the Consob Issuers' Regulation and the Corporate Governance Code;
- pursuant to Art. 150(3) of Legislative Decree 58/98, we met regularly with the independent auditors, KPMG S.p.A., to exchange information and opinions. No significant information or circumstances were found that would require mention in this report;
- we did not find any atypical or unusual transactions with Group companies, third parties or related parties. For transactions with such parties, the Company has adopted a specific procedure approved by the Board of Directors. In the notes to the financial statements, the directors provide information on those transactions, reporting that all transactions with subsidiaries, associates, the controlling

shareholder, 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 omissions, irregularities or other censurable facts occurred, nor did we encounter any significant facts needing to be reported either to control bodies or in this report during the course of our supervisory activity; no reports or complaints of any kind were filed with the Board;
- as regards the results reported in the financial statements for the year ended 31 December 2015, we held specific meetings with representatives of KPMG S.p.A. to review, within the scope of our respective duties, the most important items contained in the document. More specifically, with the support of the CFO, we focused on the measurement of equity investments, in particular in Cementir Italia S.p.A., which was decided on the basis of the impairment test and of specific advice from a professional appointed by Cementir Holding S.p.A.;
- we also verified, through meetings with the head of Administration, Finance and Control, 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. KPMG S.p.A. was also obviously involved in the discussion, particularly concerning the consistency of the Report on Operations with the related financial statements;
- in 2015 the audit firm received the following fees for the performance of its the statutory audit tasks:
    - separate financial statements EUR 32,481;
    - consolidated financial statements EUR 25,376;
    - limited audit of the condensed interim consolidated financial statements EUR 10,150;
    - certification of Tax Return EUR 1,060.

As part of our supervisory activities for the year 2015, the Board of Auditors met four times, including via tele-conferencing. We attended all the meetings of the Board of Directors and the only meeting Executive Committee; we attended the Ordinary

Shareholders' Meeting to approve the financial statements for the year ended 31 December 2014 and also attended the Extraordinary Shareholders Meeting of 23 February 2015.

Based on the activity carried out during the year and the interaction with KPMG S.p.A., we find no grounds to oppose approval of the financial statements of Cementir Holding S.p.A. for the period ended 31 December 2015 and the accompanying Report on Operations. We also concur with the directors' proposal to cover the loss of EUR 3,514,192 using the revaluation reserve (Law 266/2005) and to distribute a dividend of EUR 0.10 per share, for a total of EUR 15,912,000, drawing upon retained earnings.

The Board of Auditors also examined the consolidated financial statements and acknowledges the unqualified opinion issued by KPMG S.p.A.

Rome, 25 March 2016

THE BOARD OF AUDITORS

CLAUDIO BIANCHI
CHAIRMAN

MARIA ASSUNTA COLUCCIA
STANDING AUDITOR

GIAMPIERO TASCO
STANDING AUDITOR