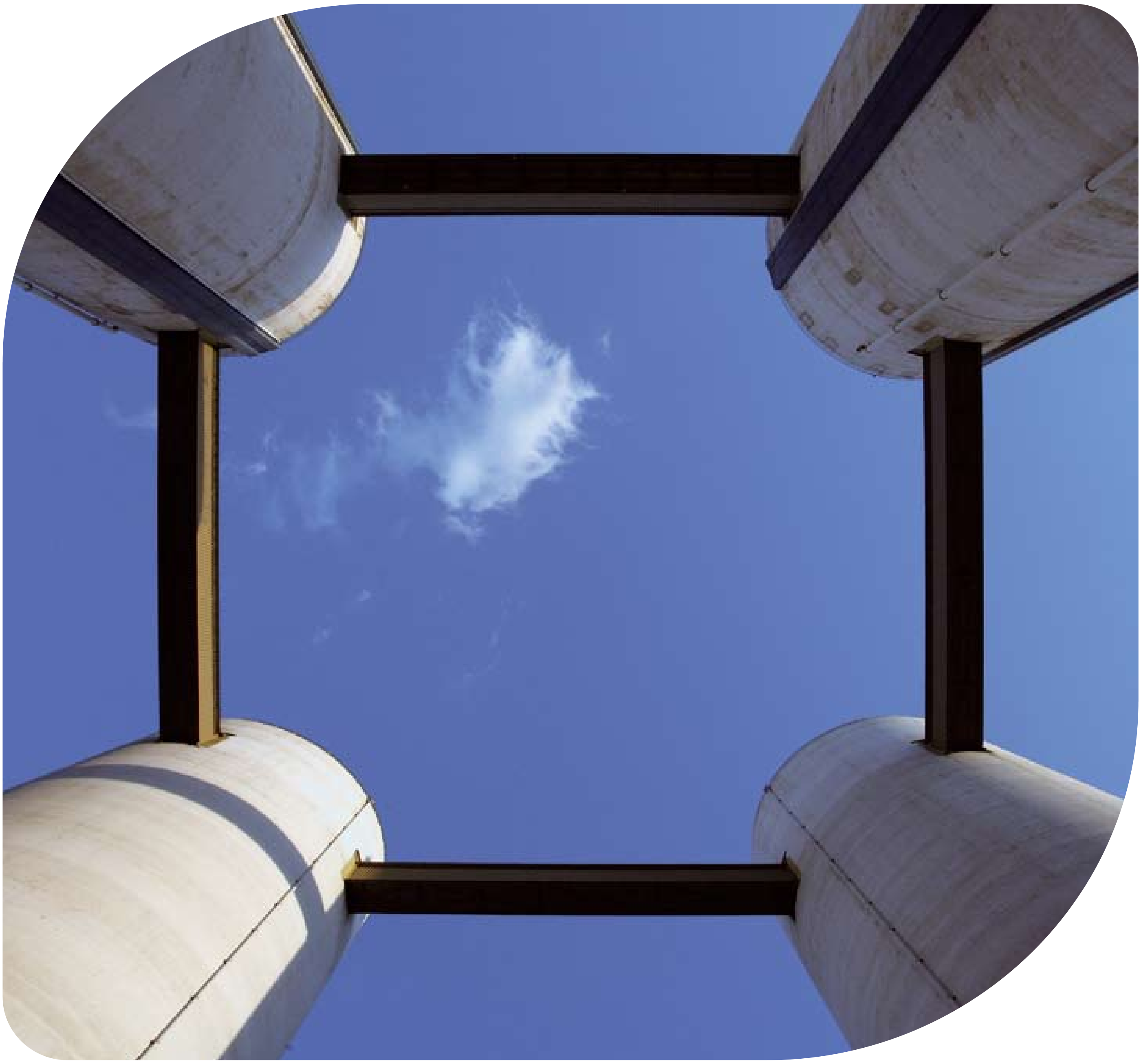

2007 Consolidated Annual Report

Gruppo
Financo

Gruppo Financo

Financo is the holding company of the Family of Pasquale, Giovanni, Franco, and Carlo Colaiacovo. The year of 2007 was particularly significant for the group, due to the important financial results it was able to achieve in both the domestic and international economies, which are currently marked by instability and uncertainty.

The group's core business is the production and marketing of cement through Colacem and ready-mixed concrete through Colabeton. These two subsidiaries are in third place among domestic producers and, along with the group's other companies from the transport sector and various other sectors, they have encouraged and maintained results through their extremely positive and innovative expansion.

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Gruppo Financo

Values and Corporate **Culture**

Corporate culture, which has been the driving force for the Colaiacovo Family business activities for many years, is based on total quality: research and technology working in harmony with the environment, protecting workers' rights, valuing people and local communities, etc. As for corporate responsibility, the group has taken important initiatives reaching beyond the entrepreneurial sphere. These are based on a willingness to share the benefits they reap from primary business activities. Supporting cultural and artistic heritage, encouraging studies, promoting charitable organisations and environmental restoration work – these are all actions taken in order to establish a social relationship based on solidarity and cooperation. The Financo Group's values and projects are developed in complete transparency, protecting the right to have thorough and accurate information on programmes and work carried out, with a high level of involvement both within the group and from outside parties.

The Colaiacovo Family proved its leadership skills once again in 2007 by continuing to increase its governance capabilities in the areas of development, innovation, and sustainability.

Their entrepreneurial drive, guided by tradition and experience and appreciated by all the shareholders, has allowed them to reach increasingly higher levels of international success. Over the last few years, Financo has, in fact, gained a significant strategic position in world markets, through its presence in Canada, Montenegro, the Dominican Republic, Spain, and Tunisia. New development projects have also been launched in Albania, where they opened the company Colacem Albania Sh.p.k. to create a full-cycle cement factory.

The Financo Group's well-established companies Colacem and Colabeton belong to the sectors of cement and ready-mixed concrete, respectively, while Tracem and Inba work together in the sector of land and sea transport, providing their services for core business activities. Along with these companies, businesses from several other sectors have joined the group over the years including: Misano World Circuit; Park Hotel ai Cappuccini in Gubbio; the Poggiovalle farm estate; media companies Radio Gubbio, Umbria TV, and the Gruppo Editoriale Umbria 1819 publishing house; Grifo Insurance Brokers; and a shareholding in UniCredit.

Cement

Colacem
Cat
Cementos Colacem Espana
Domicem
Nuova Ital-Leganti
Colacem Canada
Colacem Albania

Concrete

Colabeton
Beton Granulati
Calcestruzzi Gubbio
Luciani
Nuova Beton Toce
Cava di Cusago
Cava Carlone
Calcestruzzi Coriano

Transport

Tracem
Inba
Cat Transport
TMM
MT Management Marine Company

Diversified Sectors

Tourist
Poggiovalle
Santamonica
Gruppo Editoriale Umbria
Radio Gubbio
Umbria TV
Grifo Insurance Brokers
UniCredit

Letter from the **Chairman**

Dear Shareholders,

Despite the presence of considerable spreads between emerging and well-developed economies, over this past year the world economy has been, and still is, characterized by unfavourable conditions in terms of international macroeconomics. Fortunately, our group has been able to respond to the situation with determination, achieving absolutely positive results.

Our organisation's ability to react, and the extensive efforts we've made in recent years to strengthen core business activities, both in Italy and abroad, in addition to our continued endeavour to downsize and optimise logistics, have allowed us to pursue the established goals.

Over the last fiscal year, our companies and related cement-production plants located in the Dominican Republic, Spain, and Tunisia have contributed significantly to the overall result, also through the progress of various projects, as included in our plans for development.

In addition, we have continued efforts to expand beyond national borders, particularly in North America and the Balkans, thanks to the acquisition of a production plant serving the former in Grenville Sur-La-Rouge in Canada, near the capital city of Montreal, and the establishment of the business Colacem Albania Sh.p.K. for the latter zone. We are also laying the groundwork for a new full-cycle cement factory in Albania, where plans are already being drawn up and the preliminary stages of construction are underway.

Once again, the group's expertise allows for an optimal blend of technological aspects, as demonstrated by the quality certification awarded to the Concrete Division's production plants, along with a high level of respect for the surrounding environment, as we can see from the adoption of the "Environmental Management System" at some of our cement-production plants.

Thanks to all of this, as well as the entrepreneurship and innovation which we strive to apply to each new project, the progress made over the last few years receives full merit for achieving the established goals and has truly set the grounds for new projects bringing future success.

The group's ability to maintain constant progress on its path of expansion also results from the fundamental support given by our human resources. In fact, on behalf of all the shareholders, I would like to express our thanks to the employees for their proven skill and for knowing how to respond effectively to the many challenges met, thus allowing us to continue reaching new levels of excellence.

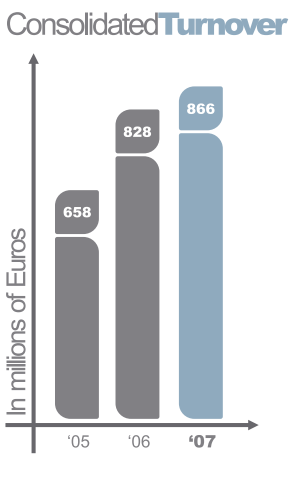
The Chairman
Franco Colaiacovo

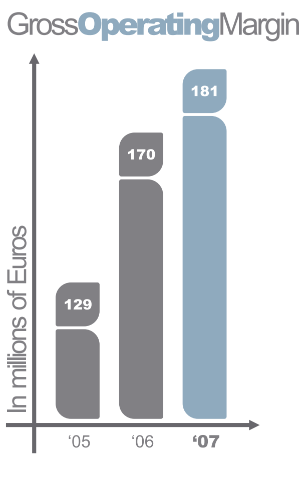
Franco Colaiacovo

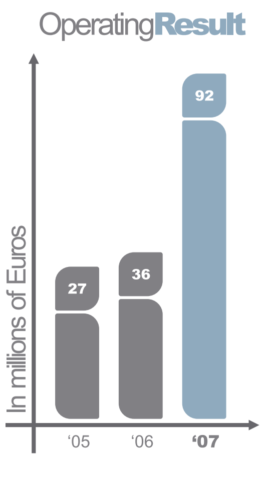
2007 Results

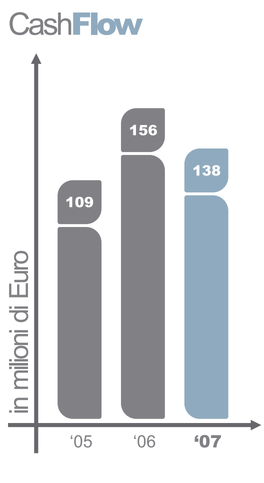
For the Financo Group, 2007 brought a number of important results regarding all of the business areas in which it operates. To add to the current companies, which unite approximately 2,500 employees, the group is expanding in the sectors of cement, concrete, and transport, as well as various other categories including tourism/hospitality, sports, publishing, real estate, and finance.

The Financo Group closed 2007 with a consolidated turnover of 866.2 million euros (up 4.7% year on year), recording an EBITDA of 181.2 million euros (+6.5%) and an EBIT of 91.9 million euros (+152.2%). The group's continuous growth results from solid and constant on the part of all corporate members; they executed strategies formed by the corporate governance, despite the unfavourable scenario in both Italy and abroad. In fact, even in 2007, the Colaiacovo family was able to demonstrate a highly competitive market performance, proving that the group is always ready to take on the new challenges of globalisation, combining goals that are rooted in the tradition of innovation and eco-sustainable development. The top management even deemed it necessary to promote educational programs at both the national and local level, within professional and scholastic environments, with campaigns dedicated to the importance of conserving energy. Another significant breakthrough is the corporate governance's desire to focus on safety in the workplace, launching important programmes. Their idea of safety is not only applying the highest standards, but perhaps more importantly, raising awareness on risk prevention and holding people accountable in relations established with the group, whether they be employees or outside parties. Safety, therefore, has become one of the group's main values, with the goal of creating a corporate culture based on preventing accidents. For this reason, different projects have been taken on in order to improve the technical and organisational framework, and to encourage behaviours promoting safety for optimal results.



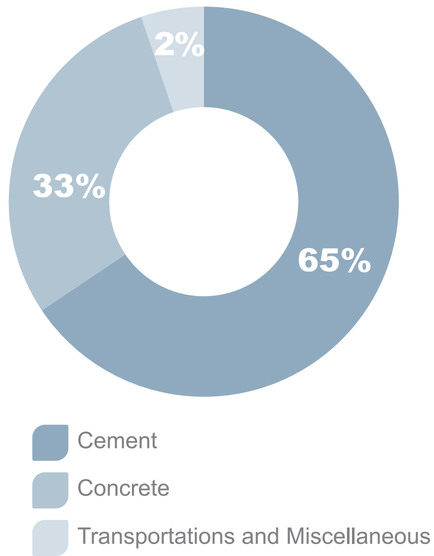




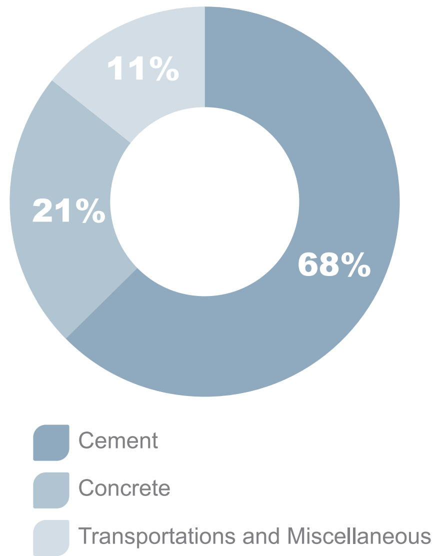


Financial **operating results**	**2007**	2006	2005
Net revenues	**866.191**	827.519	658.323
Other income and revenues	**12.925**	9.803	24.609
Gross operating margin (EBITDA)	**181.206**	170.187	129.371
% on revenue	**20,9%**	20,6%	19,7%
Depreciation, amortization and write-downs	**89.263**	133.734	102.432
Operating result (EBIT)	**91.943**	36.453	26.939
% on revenues	**10,6%**	4,4%	4,1%
Group net result	**53.988**	11.167	2.335
% on revenues	**6,2%**	1,3%	0,4%
Cash-flow	**138.064**	156.231	108.813
% on revenues	**15,9%**	18,9%	16,5%

Revenues by **business area**



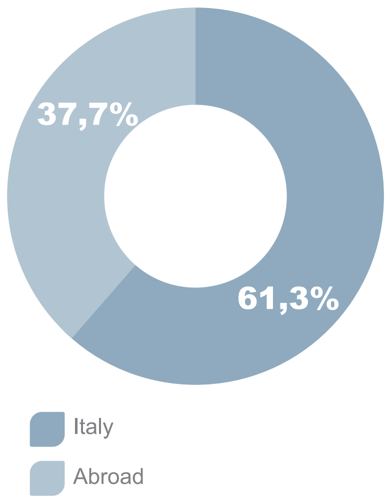
Employees per **business area**



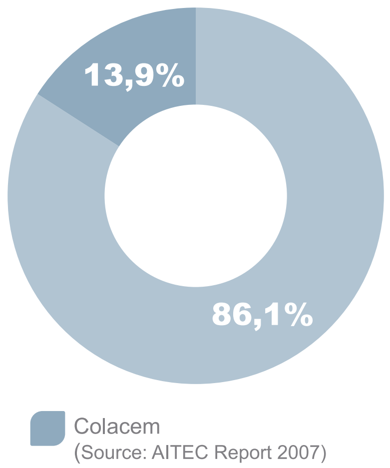
Sustainability as **a Base**

The Financo Group manages relations with its shareholders based on solutions that respect the common good, in that careful decisions are made in the best interest of those involved. Quality has always been the driving principle and ultimate goal of all the group's activities, and this allows the sustainability of development to be maintained in every area. Guaranteed quality can be seen as the sum of science, technology, expertise, and innovation. In fact, the group is responsibly involved in the entire community, displaying continuous innovation for increasingly efficient and clean processes, efficiency in logistics, valuing human capital, and protecting the environment. These are all cardinal points in the sustainable development policy. The group's governance actively dedicates itself to supporting projects that benefit its target markets and the local context. The environmental awareness demonstrated has been strengthened through the use of more advanced technology favouring the sustainability of development in all areas of business. Cement, an indispensable material for growth, and the foundation for life in urban settings and throughout the country, is produced according to the strategic decision to optimise the distances between construction sites, raw material extraction sites, and production plants. Colacem, the Financo Group's main company and the third in Italy for cement production, carries out a methodical control of emissions and manages the extraction of raw materials from caves and mines, taking measures to restore the natural environment and reduce impact to a minimum both during and after operations. Colacem has also adopted the Environmental Management System according to regulation UNI EN ISO 14001:2004, issued by the Quality Certification Institute, for the plant in Ghigiano-Gubbio (PG), one of the most highly evolved models of integrated environmental management. This important step marks the beginning of the company's endeavour to create the perfect integration of environment, technology, and development in its domestic and foreign plants. Colacem has, in fact, always supported potential action taken to protect people's health and the surrounding environment. These efforts, made in line with current regulations, involve all of the group's areas of activity. Maximum levels of environmental performance are ensured by the optimisation of various processes and consumption, careful monitoring and analysis, continued adoption of updated technological solutions, and the elevated skill and professionalism of qualified personnel. Economic results and a strong push for innovation do not have to work against nature. It is because of their cutting-edge plants that Colacem, the group's main company, recorded a turnover of 493.3 million euros. For local communities, Colacem's presence is a factor in cultural and social development, not to mention employment, training, and work conditions. This is the ideal situation in which to work towards the first "relationship of sustainability," which will take form this fiscal year, and will include the commitments Colacem has made to itself, as well as the entire community.

Cement **sales**



Market share **in Italy**

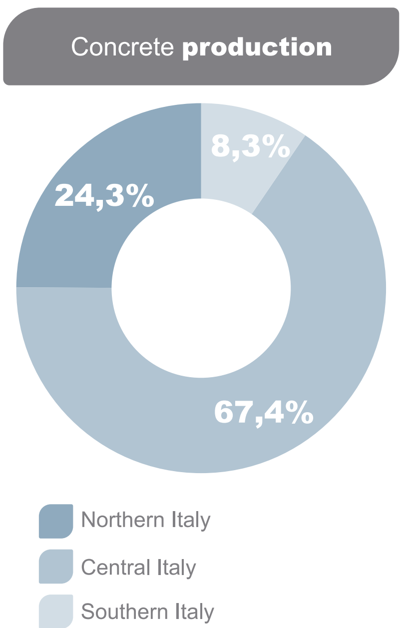


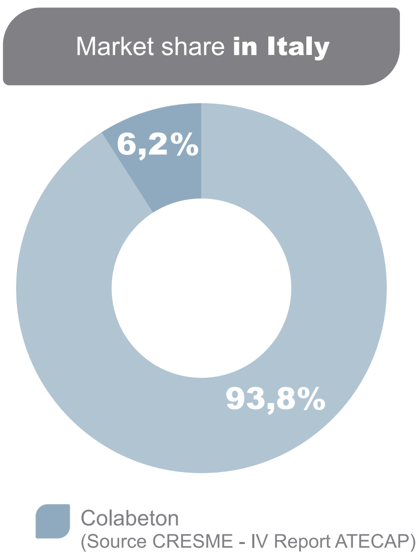
Cement

Quality and **Professionalism**

The Financo Group's concrete sector is headed by Colabeton, the third leading producer in Italy. In 2007, the company recorded a turnover of 283.5 million euros. Colabeton's strategy has always been focused on the ability to keep lines of communication open with the clientele, and on staying informed about the market. Their programmes were activated in order to offer products and services that meet the market's needs and are based on a long tradition of technical expertise and laboratory research. Colabeton is structured in such a way that it can offer not only quality products, but also professionalism and experience, thus ensuring a relationship that keeps growing stronger. The commercial network is made up of approximately 150 plants and is integrated with area laboratories as well as the Technological Service Centre. This system ensures a range of products that include guaranteed durable concrete products for the different environmental, special, and self-compacting formats. All of the plants are managed following environmental and safety criteria in accordance with regulations and current law. Some of them have also obtained ISO 14001 certification. Furthermore, nearly all of the plants meet the management criteria for production processes as stipulated by the Ministerial Decree of 14/09/2005, and some of them have ISO 9001 certification.

Continuous research for the technological development of plants compatible with guidelines regarding safety and environmental protection is demonstrated, yet again, by the 2008 ATECAP Award for the category of Safety and Environmental Sustainability given to Colabeton's Bassette plant in the province of Ravenna. The ATECAP Award, issued for the fourth time, is given to the plant that proves to be most advanced in terms of safety procedures and solutions that respect the environment.





Concrete

Efficiency and **Logistics**

Tracem and Inba make the Financo Group's integrated transport system possible. Their managerial skill and over 30 years of experience have allowed the group to create an efficient logistics programme, able to optimise transport, loading, completion time, and expenses. The positive results achieved are the product of their vast presence throughout the country, the varied and technologically-advanced fleet, computerised control network and intermodal system, long-term plans, and innovative processes in the way of coordination. Adding to this search for efficient transportation of goods, is the launching of new transport activities at sea, through ships owned by the group. The consistent use of railways is another strong point in this area, validating the group's past foresight leading to the purchase of several containers.

Transport

Diversifying **Experience**

Giving the client attention and care is a central value in Financo's philosophy. In fact, the diversified sectors reflect a strong dedication, allowing the group to provide services, consulting, hospitality, excitement, passion, and entertainment through its different companies.

Excellent results have been achieved in the sector of hospitality: the Park Hotel Ai Cappuccini has gained a prestigious reputation and is ideal for trips, conferences, and ceremonies; Poggiovalle Case Vacanze is an agricultural estate with splendid farm houses situated between the Umbrian and Tuscan hills, offering guests a full immersion in this natural environment and an up-close look at high-quality agricultural production. The group also has new locations dedicated to the exciting sports events: the Misano World Circuit horse track hosts various other events including Moto GP and Superbike races.

In addition, there has been considerable effort made in the sector of information: the companies Radio Gubbio and Umbria TV operate mostly in Umbria, and Gruppo Editoriale Umbria 1819 publishes the newspaper "Il Giornale dell'Umbria." These two forms of media continue to grow in terms of the number of listeners and copies sold respectively.

Finally, the group is active in the insurance sector through the company Grifo Insurance Brokers, in operation for decades now, and their presence in the financial sector is represented by the share in UniCredit.

PH Ai Cappuccini

Poggiovalle

Misano Circuit

Radio Gubbio

Diversified Sectors

Parent Company's Officers

BOARD OF DIRECTORS

Franco Colaiacovo	*Chairman*
Francesca Colaiacovo	*Deputy Chairman*
Giovanni Colaiacovo	*Director*
Carlo Colaiacovo	*Director*
Mariano Spigarelli	*Director*
Paola Colaiacovo	*Director*
Giuseppe Colaiacovo	*Director*
Marco Colaiacovo	*Director*

BOARD OF STATUTORY AUDITORS

Alcide Casini	*Chairman*
Renato Zanotti	*Regular Auditor*
Paolo Agnesi	*Regular Auditor*
Francesco Benedetti	*Alternate Auditor*
Ruggero Campi	*Alternate Auditor*

AUDITING FIRM

DELOITTE & TOUCHE S.p.A.

Gruppo Financo

private limited company
Registered office in Gubbio (Perugia) - Via della Vittorina, 60
Share capital € 6,000,000 (fully paid up)
TIN, VAT and Companies Register of the Court of Perugia no.: 00261100549

DIRECTORS' REPORT
on operations

The Consolidated Financial Statements of the Financo Group at 31 December 2007 show a net profit of 53,988 thousand euros. The financial year just ended witnessed an increase in consolidated revenues of 39 million euros (+4.67%) 6.3 million euros of which are attributable to a wider scope of consolidation.
Thanks to the increase in sales volumes, and to the decrease in costs for 13.7 million euros (-1.7%), mainly due to lower amortisation and depreciation accrued during the FY, the Financo Group was able to reach an EBIT for 10.6% of consolidated revenues.

GENERAL ECONOMIC PICTURE

Although in 2007 the world economy reported a relatively high growth rate of 4.9%, towards the end of the year it started suffering from the financial crisis that started last year. Against this backdrop, growth in the Eurozone, as opposed to last year, became aligned with that of the world economy whilst growth in the UK and the USA experienced a slight slowdown which, in the latter case was even more marked due to the mortgage loan crisis that characterised the second half of the year.
The main causes of international instability also include the depreciation of the US dollar which, suffering from the expectations of slow economic growth and lower interest rates in the USA, had its adverse effect throughout 2007.
Emerging countries continue to give a strong boost to the world economy; China and India, in particular, with contributions of 11.9% and 9.2% respectively. [Source: Bank of Italy 2007 Annual Report]. This long-lasting cyclical phase, together with the price of oil and food raw materials, led to higher retail prices in most developed and emerging countries affecting the trend of monetary policies.
In 2007 the European Union expansion rate (EU-27) fell slightly to 2.8% (3.1% in 2006). In the Eurozone the Gdp, though slowing down in the second half of the year, went up by 2.6% (2.8% in the previous year). The development is mainly attributable to exports which were fostered by the sustained trend of world trade, despite the strong appreciation of the Euro. Investments went up by 4.3%, in relation to the high use of production capacity and favourable financing terms for most part of the year. The 1.5% increase in household consumption (1.8% in 2006) reflected the positive trend in disposable income which, in turn, was associated with the increased employment rate.
In Italy, at the end of 2007 the growth rate had dropped by 1.5% compared to that of the previous year which had been 1.8%. The ratio of net indebtedness (deficit) to Gdp, equal to 1.9% was at its all-time low since 2000 mainly thanks to higher taxes revenue (+6.0%) which exceeded expenditure (+4.5%). The tax burden reported a new record, reaching 43.3% of Gdp, the highest rate since 1997.
Real Gdp growth was mainly sustained by the industrial sectors in the strict sense of the word (+0.8%), the construction (+1.6%) and services (+1.9%) sectors. Domestic total consumption growth has been another key element of such recovery (+1.4% resident household spending, +2.7% private institutions, +1.2% public administration spending and +1.2% fixed gross investments). As regards foreign trade, exports of goods and services increased by as much as 5.0%. [Source: ISTAT press release of 29 February 2008].
The cement and ready mixed concrete sectors, which represent the Group's core business, showed a positive trend. The expansion phase of cement production stopped compared to 2006 with a cement production of 47.54 million tons dropped by 0.7%. This domestic drop is mainly attributable to the South (-3.0%) and the Islands (-0.5%), whilst the North showed a perfect alignment compared to 2006 and Central Italy reported an increase (+0.3%). (Source: AITEC).
The market analysis of the first nine months showed a substantial alignment compared to 2006 highlighting a 1.0% increase whilst in the last quarter of 2007 the market reported a marked 6.0% drop compared to the same period of 2006.

The aforesaid trend is certainly affected by the international economic situation which, especially in the last part of 2007 reduced consumers' confidence increasing, as a result, the average time taken to sell houses, a negative effect which, added to a fall in public investments which are increasingly more dependent on stringent restrictions of both domestic and international public finances, caused a negative overall effect on the cement market .
In 2007, investments in the construction sector reported a substantial alignment compared to 2006, despite differences between the various sector segments. The residential segment however appeared to be more critical, reporting a 2.5% fall in investments, mainly due to the increase in the cost of money and mortgages and to an offer that aimed at overtaking demand. Investments in the non-residential and house requalification segments, instead, were on the increase. [Source: 4th CRESME report promoted by ATECAP May 2008].

PERFORMANCE BY BUSINESS AREA

	2007	2006
Hydraulic Binders	**560.383**	515.798
Concrete	**286.183**	295.969
Transportation and miscellaneous	**19.625**	15.752

HYDRAULIC BINDERS SECTOR

The performance reported by the main Group companies operating in the hydraulic binders sector is shown below.

COLACEM S.P.A.

In FY 2007 *Colacem S.p.A.* reached a Turnover of 493.3 million euros, up 2.2% on 2006. This helped to contain the effect of increased productions costs, and more specifically those relating to the procurement of energy products, and to achieve excellent operating results.
EBITDA reached 117.3 million euros, i.e. 23.8% of the Turnover, while EBIT equalled 67.9 million euros, or 13.8% of the Turnover, up about 36.8 million euros (+118.5%) compared to the previous FY.
Financial operations improved by 26.4% compared to 2006, while the Pre-tax result stood at 66.9 million euros. However, this figure cannot be compared to the figure of the previous FY, when it was influenced by the capital gain realised on the sale of the shareholding in Capitalia S.p.A. to be rearranged inside the Group.
The important results achieved confirm that, *Colacem S.p.A.* has been an outstandingly advanced company, for quite a few years now, in the Italian industrial scenario, ranking third among national cement producers, a company that managed to grow and transform itself thanks to a strong commitment aimed at developing all the activity sectors in which it operates and which has obtained highly prestigious European achievements in terms of technology and innovation.

In short

(€/000)*	31.12.07	31.12.06
Revenues	493.313	482.862
Gross operating margin (EBITDA)	117.307	123.554
Operating result (EBIT)	67.878	31.064
Net profit or loss	38.170	130.916
Cash flow	87.599	223.406

* prior to intragroup cancellations

An entrepreneurial spirit that has led the group beyond national boundaries making investments in Tunisia, the Dominican Republic, Spain and, in 2007, in Canada and Albania, and enabled it to achieve a notable strategic and penetration positioning in the reference markets.
In the financial year just ended, *Colacem S.p.A.* endeavoured to strengthen and modernise its production structures also carrying out intense experiments on existing plants, in order to optimise production yet complying with the rules on safety & health in the workplace at the various processing plants. Technical investments of approximately 19 million euros were made at the various production sites, in particular the plants located in Caravate [VA] and Ragusa [RG].
Investments were made at the Caravate [VA] plant as follows: approximately 2 million euros were spent for the modernisation of the cooking line and 6.4 million euros for the completion works on the new clinker silo which went into operation in the current year.
Investments of approximately 6.5 million euros were made at the Ragusa [RG] plant to complete the complex restructuring works commenced in the previous financial years. In 2007 the main investments related to the new cement ensilaging plant amounting to approximately 1.2 million euros and to the completion of the new terracotta grinding mill which went into operation in the current year amounting to approximately 1.7 million euros. Total investments made in 2007 production process amount to 9.4 million euros approx., 5 million of which relate to the new terra-cotta mill.
Investments of approximately 0.5 million euros were made at the Galatina [LE] plant and mostly related to the new plant for the treatment and use of rainwater in the production process.
Major works were carried out at the Rassina [AR] plant to modify the alternative fuel plant for the use of CDR, an activity which was still under way at the end of the financial year. Overall investments amount to 0.5 million euros approx.
A new gas-tapping plant located at the entrance of the oven for reducing the chlorine content of the production process and allow its reutilisation is being built at the Sesto Campano [IS] site; at the end of 2007 the expenditure incurred amounted to approximately 394 thousand euros, of which approximately 283 thousand euros related to the financial year just ended.
In 2007 the development phase of the "PLUS" project continued; this project started two years ago and aims at the implementation of the SAP information system within the Financo Group; within such system, the role played by Colacem's Information Systems is to guarantee the IT services for all its entities.
The activities associated with the implementation of the new Group SAP Information System concerned both the Cement and Concrete businesses, and required the investment of approximately 7 million euros at 31 December 2007.
In line with the programmes announced in the last financial year, thanks to the extraordinary effort of the entire Project team and of the Process Owners and Key-users, the new launch strategy allowed the new Management System to

become operational initially at the Tunisian subsidiary *CAT S.A.* as of 1 October 2007 and subsequently, once the field testing of the various management areas proved satisfactory, to be extended to other companies, namely *Colacem S.p.A.* and the affiliated company *Nuova Ital- Leganti S.r.l.* as of 1 January 2008.
Today the new SAP system supports the daily activity of well over 600 end users of the Cement business, in all the geographical offices of the companies where it was activated, achieving a complete integration of Sales, Purchases and Administration, Finance and Management Control areas.
The “PLUS” project is still under way and in addition to completing the implementation, it already envisages, for the second half of 2008, the commencement of the extension of the SAP information system also to the other international units of the Group so as to strengthen and uniform all management tools.
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COLACEM CANADA INC.

In the past FY, *Colacem S.p.A.* expanded its presence overseas through the acquisition of a cement factory in Greenville Sur-la-Rouge, about 100 Km away from Montreal (Canada). The acquisition, for a total of 70 million Canadian dollars, was made through the new-co *Colacem Canada Inc.*, a company owned for 60% by Colacem S.p.A. and 40% by Simard Beaudry Construction Inc.. The industrial project envisages considerable investments that will enable Colacem S.p.A. to gain a remarkable presence in the Canadian market, in the provinces of Quebec and Ontario.
Therefore, not only is Colacem Canada an important industrial investment but it also intensifies the presence of Colacem’s trademark in the cement markets worldwide. In fact, the investment is part of the development programme aimed at strengthening, along with the large investment in the Dominican Republic, the production and distribution presence of the Financo Group in the entire area of Central and North America.
The company, whose activity started in June 2007, registered a Turnover of 9.3 million Canadian Dollars (6.3 million euros) with a Net loss of 1.2 million Canadian Dollars (0.9 million euros), influenced by the start-up phase.

In short

(€/000)*	31.12.07	31.12.06
Revenues	6.348	-
Gross operating margin (EBITDA)	402	-
Operating result (EBIT)	(1.429)	-
Net profit or loss	(859)	-
Cash flow	972	-

* prior to intragroup cancellations

LES CIMENTS ARTIFICIELS TUNISIENS S.A.

In the past FY the Tunisian subsidiary *Les Ciments Artificiels Tunisiens S.A.* reached a Turnover of 43.9 million euros, up 50.10% compared to the previous FY, recording a Net result of 13.2 million dinars (7.6 million euros). These results are the direct consequence of the works and investments carried out in the past financial years which are now reflected in improved productivity and profitability. Cash flows from operations allowed for a significant improvement in net financial position.
Lastly, in order to further improve productivity, in 2007 new and important investments were made with regard to the extraction of cement from the silos, sacking and the construction of plants for selling cement in Big Bags.

In short

(€/000)*	31.12.07	31.12.06
Revenues	43.893	30.686
Gross operating margin (EBITDA)	18.207	9.392
Operating result (EBIT)	9.826	1.440
Net profit or loss	7.550	120
Cash flow	15.931	8.072

* prior to intragroup cancellations

DOMICEM S.A.

In short

(€/000)*	31.12.07	31.12.06
Revenues	64.228	41.547
Gross operating margin (EBITDA)	20.836	11.538
Operating result (EBIT)	14.317	4.662
Net profit or loss	12.107	493
Cash flow	18.626	7.369

* prior to intragroup cancellations

In a local economic scenario characterised by significant growth rates but a slightly declining cement market trend, the company reported a Turnover of approximately 2,908 million Pesos (64.2 million euros), a growth of approximately 68.44% compared to the last financial year.
In 2007 the company consolidated its presence on the Dominican market by improving the price trend compared to 2006 which positively contributed to the company's economic development.
In 2007 the Dominican republic reported an 8.5% increase in Gdp, therefore it may be considered a positive year if one takes account of the negative effect of the bad weather conditions that characterised the year and high oil prices.
The positive economic trend registered in 2007 reflected in the lower unemployment rate which fell from 19.7% in 2004 to 15.5 % in 2007.
In 2007 inflation rate rose to 8.9% especially as a result of the increase in the price of oil and the effects associated with the Noel and Olga tornadoes which hit the country this year.
The trend of exchange rates vis-à-vis the local currency continued its path towards a stabilization phase of the monetary policy aimed at controlling inflation. In 2007 the average exchange rate of the Dominican dollar against the US dollar was 33.17 DD/$.
Also the result of the balance of foreign trade highlighted positive results due to an increase in exports (+45.2%) that was more than proportionate compared to imports (+18.1%).
As regards the trend of the construction sector, the year 2007 reported a 3.2% increase compared to 2006 thanks to the loans granted by the banks for the development of this sector, but also to the favourable investment policy implemented by the Government which allocated 61.7% more funds than in the previous year.
The cement market trend registered a 4% drop compared to 2006, corresponding to lower volumes equal to 3.8 million tonnes.
Despite the slightly declining trend reported by the sector, during the year the company consolidated its maximum production level and at the end of the financial year it started the project involving the extension of the sacking warehouse including the automatic sacking mode for the Big Bags as well as the development of the logistics area, which was mainly restructured to offer customers a better service and to improve the management of the supply of raw materials.
In September the Company helped to set up a police station near the plant of Palenque thus contributing to improving the security and control of the plant.
From the commercial point of view not only did the company consolidate its market position, but it focused on developing the marketing of loose cement and on increasing exports, which during the year went up considerably thanks to the company's new commercial presence in the Jamaican market and the preservation of important selling channels with close-by Haiti.
This trend influenced the interim margins and the considerable Net result of approximately 12.1 million euros, compared to 0.5 million euros in 2006.

COLACEM ALBANIA SH.P.K.

Still with a view to expand abroad, in the second half of the year, *Colacem Albania Sh.p.k.* was set up through the subsidiary registered in Italy, *Albacem S.p.A.* . This company is the vehicle used to develop a full-cycle cement factory in Albania, where *Colacem S.p.A.* has been present for a decade with a considerable market share served by the cement exported by the Galatina [LE] plant. In 2007 the newly set-up company started the plant planning phase and carried out the related preliminary operations.

CEMENTOS COLACEM ESPANA S.L.U.

In 2007 the reorganisation plan of the Spanish subsidiaries, started in 2006, was completed. This operation was carried out in order to pursue a clear rationalisation and simplification of the current company structure which, from the economic and management point of view, will require a fast optimisation of the commercial structure so as to improve the competitive edge in the local market.
The two Spanish companies, Cementos de Levante S.A. and Comercial de Cementos de Levante S.A., acquired in the previous FY and 100%-owned, were merged into the Spanish subsidiary *Cementos Colacem Espana S.L.U.*, through two separate mergers by incorporation. Currently Cementos Colacem Espana operates through the terminals of Cartagena and Alicante ports. In the FY just ended, it recorded a Turnover of 53.5 million euros, with a Net result of 4.7 million euros.

In short

(€/000)*	31.12.07	31.12.06
Revenues	53.547	23.343
Gross operating margin (EBITDA)	8.013	3.502
Operating result (EBIT)	4.707	3.337
Net profit or loss	4.719	(696)
Cash flow	8.025	-

* prior to intragroup cancellations

CONCRETE AND AGGREGATES SECTOR

For the Ready mix concrete market 2007 was the third year of declining volumes; according to Cresme estimates, in 2007 barely more than 123 million cubic metres of ready mix concrete were used, that is well over 3 million less than those reported in the previous 2004 report (-2.6% in the three-year period).

The main reasons for such declining trend can be traced back to the fact that concrete tends to concentrate especially at new building sites compared to maintenance and restoration yards and to the amount (%) absorbed by the various utilisation segments: the *concrete to sum invested* ratio is higher in the non-residential segment and public works rather than in the residential one and the first two have surely reported decidedly lower performances than the third one.

Production levels however remain particularly high, but the products offer shows a marked decline which is typical of mature markets; the market is characterised by excess productive capacity and commercial operators which, playing on prices, dampen production value.

The performance of the main companies operating in the ready mixed concrete sector is shown below.

COLABETON S.P.A.

Within the above context, *Colabeton S.p.A.* saw its Turnover drop by about 2.1%. Therefore, the Gross Operating Margin and the Net result showed a loss, while Cash-flow was used to cover the investments made during the FY.

The sales trend, though still interesting compared to last year and vis-à-vis market dynamics, reported a positive trend in the first half of the year which however was negative in the second one; In particular, in the second half of the year the company was resolved to undertake policies to recover selling prices hence clashing with sector operators still endeavouring to increase their market shares and to reconvert the volumes of the large contracts segment.

In short

(€/000)*	31.12.07	31.12.06
Revenues	283.541	289.647
Gross operating margin (EBITDA)	8.638	12.730
Operating result (EBIT)	1.373	5.157
Net profit or loss	556	1.100
Cash flow	7.822	8.673

* prior to intragroup cancellations

The financial year just ended saw Colabeton particularly committed to make the quality standards comply with Community Directive 89/106 and UNI EN 12620 as well as Ministerial Decree of 14 September 2005, which lay down the new technical rules for constructions.

In particular, the certification was obtained for the production processes of all concrete plants as well as for the EC mark of aggregates produced by the crushing plants.

All company functions were involved in the revision and implementation of the quality management system, especially those affecting the production cycle and the finished product, and the automation of all concrete plants was completed.

The need to guarantee a correct verticalisation of activities, saw *Colabeton S.p.A.* strongly committed to search for new procurement sources of aggregates.

New investments were made in order for production sites to comply with the new environmental regulations affecting both the development of new ore bodies and the installation and management of plants.

In the year just ended, the investments made by *Colabeton S.p.A.* were especially aimed at technological innovation, compliance of production plants with new legal regulations, environmental protection, safety in the workplace and improvement of customer services; financial investments amounted to 1,905 thousand euros and mainly related to the purchase of 100% of the share capital of Colainertis S.r.l. and of a further stake in *Beton Granulati S.p.A.*; towards the end of the year the entire shareholding in Portolevante Eastern s.c.a.r.l. was sold to a Montenegro-based operator though the contract for the supply of aggregates was maintained.

As regards the implementation of the new SAP accounting system at the Concrete division, following the positive results reported by *Calcestruzzi Gubbio S.p.A.* from 1 October 2007, from 1 April 2008 the SAP management model, which had been tailored for Concrete, was extended to the affiliated company *Colabeton S.p.A.*, involving 550 more end-users and covering all 150 concrete-mixing plants, achieving the same integration level described earlier on for the Cement area. All 150 plants were finally covered thanks to the significant strengthening of the data transmission lines, also through the use of wireless technology.

The following reflect the operating trend of the main subsidiaries of Colabeton:

Luciani S.p.A. – Concrete sales volumes decreased by 8% compared to 2006; in the early months of 2007 the subsidiary Eurocava S.r.l. successfully completed the bureaucratic procedure to extend the extraction well by including the PRAE (Regional Plan of Extraction Activities) of the Tuscany region. The FY closed with a profit of 307 thousand euros, before taxes for 367 thousand euros, after amortisation, depreciation and write-downs of 312 thousand euros.
Cava di Cusago S.r.l. – aggregate sales volumes decreased by 7% on 2006; the company actually operated mainly with raw aggregates purchased from third parties, as it had almost run out of authorised excavation material. However, the company has already registered with the PRAE of the Lombardy Region for the new extraction area for which the necessary planning is currently under way. The FY closed with a loss of 165 thousand euros, before taxes for 9 thousand euros, after amortisation, depreciation and write-downs of 173 thousand euros.
Calcestruzzi Lario 80 S.p.A. – Concrete sales volumes increased by 2% on 2006; the commercial activity in the industrial/artisan area began. The FY closed with a profit of 307 thousand euros, before taxes for 226 thousand euros, after amortisation, depreciation and write-downs of 106 thousand euros.
Co.Riobeton S.r.l. – Concrete sales volumes increased by 10% on 2006. The FY closed with a profit of 291 thousand euros, before taxes for 206 thousand euros, after amortisation, depreciation and write-downs of 160 thousand euros.
Calcestruzzi Coriano S.r.l. – Concrete sales volumes decreased by 8% on 2006. In 2007 the company resolved upon the incorporation of Calcestruzzi Gaudenzi S.r.l.; the economic and tax effects of the merger started on 1 January 2008. The FY closed with a profit of 70 thousand euros, before taxes for 46 thousand euros, after amortisation, depreciation and write-downs of 17 thousand euros.
Gre.Col. S.r.l. – In its first year the company closed its financial statements with a profit of 14 thousand euros, before taxes for 23 thousand euros, after amortisation, depreciation and write-downs of 11 thousand euros. Important developments are expected from the "Doubling of the Pontremolese Solignano - Fornovo railway track" Astaldi contract that has already been confirmed.

BETON GRANULATI S.P.A.

Beton Granulati S.p.A. is a 95.75% subsidiary of *Colabeton S.p.A.*.
Over the course of the fiscal year, the constant worsening of the economy and the increasing complexity of regulations, both in terms of new extraction authorisations and laws concerning environmental guidelines, contributed to compromising the company's production ability.
In this area, revenues dropped by 15.59% compared to the previous fiscal year. The company did show signs of stability, however, in the percentage of EBITDA and EBIT in revenues, which essentially remained the same as that of the previous year.
Investments made over the course of the fiscal year mainly went towards technological updates, optimising production plants, protecting the environment, and promoting safety in the workplace, along with improving product quality and services offered to the clientele.
In consideration of the new regulations, the company is taking measures to improve plants so that they will be ready for the boards of certification, as stipulated by the "New Technical Regulations."
The activities of the companies held by *Beton Granulati S.p.A.* did not record extremely significant results. In 2007, and at present, Bervan S.r.l. has continued operations aimed at opening the extraction site in the town of Lunano (PS), while Granulati Centro Italia S.r.l. has started mining the new deposit in Bastia (PG).
As for the subsidiary Cave Carlone S.r.l., there are still some issues concerning the quality of raw materials taken from the layers of earth, which are especially loose and crumbly, and this has caused a considerable drop in turnover.

In short

(€/000)*	31.12.07	31.12.06
Revenues	10.419	12.343
Gross operating margin (EBITDA)	856	939
Operating result (EBIT)	76	155
Net profit or loss	(34)	59
Cash flow	746	842

* prior to intragroup cancellations

CALCESTRUZZI GUBBIO S.P.A.

The company, a 58.5% subsidiary of *Colabeton S.p.A.*, has operated for many years in the construction, ready mixed concrete and stone sectors.

In 2007 also *Calcestruzzi Gubbio S.p.A.* suffered from the structural difficulties that are currently faced by the whole sector.

The company closed 2007 financial statements with Turnover of 4.5 million euros, down compared to the previous FY.

This fall was partly offset by a drop in operating costs relating to the procurement of raw materials and services that resulted in a loss for the year of 20 thousand euros.

In short

(€/000)*	31.12.07	31.12.06
Revenues	4.522	5.362
Gross operating margin (EBITDA)	206	258
Operating result (EBIT)	76	94
Net profit or loss	(20)	10
Cash flow	110	174

* prior to intragroup cancellations

TRANSPORTS SECTOR

TRACEM S.P.A.

The financial statements closed at 31.12.2007 showed a Net profit of 709 thousand euros, after amortisation, depreciation and write-downs of 1,921 thousand euros.
This result is represented by the difference between the profit generated by the operating management of 1,024 thousand euros, the profit generated by the financial management of 64 thousand euros less 379 thousand euros of accrued taxes. Generated cash-flow amounted to 2,630 thousand euros.
The first six months of 2007 were quite lively and registered a significant increase in the demand for transport; the next six months instead showed a completely opposite trend which was a direct consequence and at the same time proof of the heavy slowdown of the Italian economy.
The decline in demand was also matched by a continued and significant increase in the price of diesel fuel in oil prices, in the wake of an oil price that after exceeding 100 dollars a barrel started to skyrocket. At the end of the year the price of diesel fuel had risen by more than 23% compared to the price registered in January.

In short

(€/000)*	31.12.07	31.12.06
Revenues	23.810	22.635
Gross operating margin (EBITDA)	2.945	3.165
Operating result (EBIT)	1.024	1.378
Net profit or loss	709	474
Cash flow	2.630	2.261

* prior to intragroup cancellations

The Company mainly transports hydraulic binders to the advantage of *Colacem S.p.A.* even if, to optimise logistics and minimise costs, the Company intensified its relationships with producers of ready-mixes and other products, the transport of which is compatible with and complementary to the main activity. Moreover *Tracem S.p.A.* continued to organise the intermodal transport of cement on behalf of its affiliate *Colacem S.p.A.* from Sesto Campano to Milan, guaranteeing a full service from the cement factory of origin to the destination plants.
In the economic and market scenario outlined above, *Tracem S.p.A.* achieved a 5.2% Turnover growth especially thanks to the optimization policy of travel and the considerable extension of the external collaborators network.
Thus, the company tried, especially through a more and more rational organization, to increase both profitability and reliability as well as efficiency for the customer.
With this in mind, in 2007 the company changed its fleet of motor vehicles by purchasing no. 20 new tractors/trailers, all supplied with scheduled maintenance contracts that extend to the vehicles tyres.
Total investments stood at 1,366 thousand euros, 1,001 thousand of which to purchase 20 new tractors and 365 thousand of which to purchase 10 new semitrailers.
The policy adopted a few years ago to enter into scheduled maintenance contracts for all new vehicles was strengthened, as the maintenance based on the kilometres covered was carried out more or less as in 2006. The Cash Flow, equal to 2,630 million euros (+16.4% on 2006) covered the technical investments made in the financial year, allowing also the total resetting of financial indebtedness.
The company's strategies for the future, focused on the Group's core business activities, continue in the field of technical and organizational innovation, that are considered to be a leverage for the continuous creation of value.
For this reason Tracem decided to widen the range of products transported, to further increase its skills and presence in the intermodal segment, to test new technologies for vehicles' remote control, as well as further increase its role as a transport service organization company, guaranteeing an ever efficient, complete and high-quality contribution to the Financo Group in achieving new goals.

INBA S.P.A.

The company, a 55.0% subsidiary of *Financo S.r.l.*, carries out haulage on behalf of third parties and does so efficiently mainly in favour of the cement factory in Galatina (Lecce), owned by *Colacem S.p.A.* for which it excavates and transports raw material from the quarries located near the works and the delivery of finished products.
In 2007 Inba S.p.A. reported a net result of 958 thousand euros. In order to cut down running costs linked to the maintenance of motor vehicles, which are always on the increase, the company continued to sign programmed maintenance contracts with the manufacturing companies of the vehicles it purchased in the year. In 2007 the company still had a stake in a maritime transport company based in Greece, *MT Management Marine Company Ltd*, and in an Italian ship charter company, *Trasporti Marittimi del Mediterraneo S.r.l.*, so as to integrate its land an maritime transport activities.

In short

(€/000)*	31.12.07	31.12.06
Revenues	9.570	11.583
Gross operating margin (EBITDA)	1.698	2.244
Operating result (EBIT)	881	1.379
Net profit or loss	958	806
Cash flow	1.775	1.671

* prior to intragroup cancellations

TRASPORTI MARITTIMI DEL MEDITERRANEO S.R.L.

The company is an indirect subsidiary through the company *Inba S.p.A.*. At the end of the FY, *Trasporti Marittimi del Mediterraneo S.r.l.* owned the motorship Carmela Evdoxia, a merchant ship outfitted to carry loose cement that can transport up to 10,800 tons of material Also in 2007 the company continued its collaboration project with the affiliate *MT Management Marine Company Ltd*, a company incorporated in Greece, which was granted the use of the motorship under a lease contract.
Trasporti Marittimi del Mediterraneo S.r.l. ended the 2007 financial year with a net result of 81 thousand euros and revenues of 731 thousand euros.
In order to contain logistics costs, in the first months of 2008 *Trasporti Marittimi del Mediterraneo S.r.l.* signed the heads of agreement with a Greek shipowner for the purchase of a ship, Evdoxia Carmela, with a load capacity of approximately 7,000 tons which was delivered in April 2008 at the Greek port of Piraeus. The investment, 3.7 million euros plus 300 thousand euros approx. to be added for extraordinary maintenance, will be funded through equity for about 25% (1,000 thousand euros) and through a 10-year loan for the residual amount (4,000 thousand euros). Thanks to this second ship, the division will be able to guarantee the transport of approximately 430,000 tons of cement per annum towards the terminals owned by Colacem S.p.A., generating substantial savings given that the company will no longer need to hire ships on the market.

In short

(€/000)*	31.12.07	31.12.06
Revenues	731	731
Gross operating margin (EBITDA)	625	610
Operating result (EBIT)	247	232
Net profit or loss	81	80
Cash flow	459	458

* prior to intragroup cancellations

MT MANAGEMENT MARINE COMPANY LTD

MT Management Marine Company Ltd, indirect subsidiary through Inba S.p.A., in 2007 continued its collaboration with the affiliate *Trasporti Marittimi del Mediterraneo S.r.l.* which granted the use of the aforesaid motorship Carmela Evdoxia under a lease contract.
The company closed the FY with Revenues of 3.1 million euros, against 3.0 million euros of the previous FY, recording a Net result of 183 thousand euros.
In 2007 *MT Management Marine Company Ltd* managed to use the ship on a regular basis: the ship made 25 trips, 24 of which carrying loose cement and 1 transporting other products; all the trips were completed by entirely fulfilling the related contractual terms.

In short

(€/000)*	31.12.07	31.12.06
Revenues	3.079	3.022
Gross operating margin (EBITDA)	215	365
Operating result (EBIT)	215	365
Net profit or loss	183	355
Cash flow	183	355

* prior to intragroup cancellations

During the year "special survey" was carried out with dry dock at the port of Naples. The operating result for the year was significantly affected by higher charges for fuel purchases and increased maritime agency costs.
Thus its is reasonable to believe that, following past experiences, the result registered in 2007 may be consolidated in 2008 despite the company will have to halt its operations to carry out extraordinary maintenance on the bow thruster of the ship. This conviction is the result of the fact that, thanks to the high quality of the service offered to Colacem S.p.A., the company had its contracts renewed for 2008 obtaining better terms than for 2007.
As briefly mentioned in the previous paragraph, in 2008 the company will hire the ship Evdoxia Carmela, recently purchased by Trasporti Marittimi del Mediterraneo, which therefore, together with the only other ship currently used, will increase the possibility of further commercial development for 2008.

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DIVERSIFIED SECTORS

Also in 2007 the Financo Group continued its commitment in different sectors from its core business and has always been alert and ready to take the development opportunities offered by these collateral segments. The companies *Tourist S.p.A.*, *Santa Monica S.p.A.* and Poggiovalle S.r.l. are good examples of the efforts made by the Group and the ensuing success achieved respectively in the tourism-hotel, sports activities, as well as the farm-holiday sectors.
Poggiovalle S.r.l. is not included in the scope of consolidation as Financo S.r.l. does not hold a majority stake in it.
Other companies which are not considered to be relevant in economic and financial terms were excluded form the scope of consolidation as they would be irrelevant for the purpose of giving a true and fair view of the Consolidated Financial Statements.

TOURIST S.P.A.

The company is a 100% subsidiary of *Colacem S.p.A.* and owns the "Park Hotel ai Cappuccini" accommodation complex, situated in the immediate outskirts of Gubbio's historical centre. It has operated with success in the hotel business for many years.
Overall, despite the activity carried out in the tourism sector was quite diversified in terms of types of services offered as well as geographical and urban localisation, in 2007 it continued to be adversely affected, as in previous years, by a prolonged unfavourable national and international economic situation.
Despite the above scenario, with unsatisfactory national Gdp growth rate and internal consumption growth rate, Tourist maintained the economic results achieved in the previous financial year and reported a Turnover increase from 4.7 million euros to 4.8 million euros.
The FY ended with a Cash-flow of 341 thousand euros, up compared to the previous FY (291 thousand euros). The Net result, also influenced by greater amortisation, stood at 6 thousand euros.
As far as investments are concerned, worthy of notice are major modernisation and maintenance works carried out with the aim of improving the customer reception side and maintaining a fully efficient structure.

In short

(€/000)*	31.12.07	31.12.06
Revenues	4.788	4.678
Gross operating margin (EBITDA)	427	326
Operating result (EBIT)	81	127
Net profit or loss	6	96
Cash flow	341	291

* prior to intragroup cancellations

SANTAMONICA S.P.A.

Among the subsidiaries that do not operate in the *core-business*, worthy of notice are the excellent results achieved by the subsidiary *Santa Monica S.p.A.*, owner of the motor racing "Misano World Circuit".
In this financial year, as part of a complex investment programme, major structural works were carried out to ensure that the motor racing circuit was adequate to host top motor sporting events. More specifically, major investments were made in connection with the adaptation works carried out on the motor racing circuit to host the "Cinzano Grand Prix of San Marino and the Rimini Riviera" and consequently to be able to avail of a completely renovated structure both functionally and technologically, by now in line with the main international motor racing circuits.
The investments made amounted to 11 million euros and the most significant ones relate to the construction of the new circuit track which, in order to meet the increasingly higher safety standards, led to do a U-turn compared to the past, as well as to the increase in the length of the circuit, the construction of new stands and the extension of others, the optical fibre cabling, the modernisation of the circuit lighting system, the restoration of the press room, the production room and the technical areas.

In short

(€/000)*	31.12.07	31.12.06
Revenues	12.160	7.655
Gross operating margin (EBITDA)	2.404	1.963
Operating result (EBIT)	1.175	1.123
Net profit or loss	674	573
Cash flow	1.897	1.409

* prior to intragroup cancellations

In addition to the aforesaid structural works, the company has always been committed to carry out major modernization and maintenance works on a regular basis so as to ensure that the several plants operated with maximum efficiency.
The activity carried out by the motor racing circuit in 2007 was once again intense, hosting major national and international motor racing events which have by now become important and qualified sports appointments.
More specifically we refer to the first edition of the aforesaid “Cinzano Grand Prix of San Marino and the Rimini Riviera”, qualifying events relating to the “San Marino Superbike Grand Prix”, the “Italian Speed Championship”, “Coppa Italia” and “Mototemporada” motorcycle qualifier, the “Ferrari Challenge”, the “Italian Car Championship – Sara Racing Week End”, the night-time car races as well as the well known “Truck Racing European Championship” Italy-based qualifying event.
Besides these sports activities, the motor racing circuit has hosted minor races, but it also continued to operate intensively in the commercial sector housing meetings such as the Honda Day and the Yamaha Fest, the “World Ducati Week” and the “Autokit Show”, developing the activity associated with the hiring of the track for organised motorcycle groups, trying to provide its customers with more and more efficient and high-quality services, yet continuing to improve the image of the motor racing circuit as an international multifunctional motor structure which, in turn, led to introduce the new “Misano World Circuit” corporate trademark.
2007 Turnover stood at 12.2 million euros compared to 7.7 million euros in 2006, up 58.8%. Net result for the year equalled 674 thousand euros, against 573 thousand euros in 2006.

POGGIOVALLE S.R.L.

The company, which was included in the consolidated financial statements at equity, is 40% owned by Financo S.r.l. and owns a state-of-the-art agricultural business in the Municipality of Fabro (Terni). The company, which has successfully operated in the intensive cultivation of crops sector for several financial years started rearing meat type animals reaching high quality standards. In 2007, in addition to these functions, that are typical of the sector in which the company operates, Poggiovalle S.r.l. continued to carry out its tourism activity with enormous success within its accommodation complex made up of old yet perfectly restored farmhouses fitted with all sorts of comforts and situated in a natural environment where tranquillity and charming landscapes represent the most appreciated attraction.
In 2007, despite both the agricultural and tourism sectors (accommodation) continued to face hard times, the company managed to consolidate its economic result achieving a Turnover of 896 thousand euros.

PARENT COMPANY'S PERFORMANCE

The Financial Statements of *Financo S.r.l.* at 31 December 2007 show a net profit of 121.9 million euros. The increase in the net result for the year compared to 2006 profit, equal to 115.1 million euros, is due to the extraordinary dividend that the subsidiary Colacem S.p.A. disbursed to Financo S.r.l. (120.0 million euros during 2007 against 6.0 million euros in 2006).

INVESTMENTS

In 2007 Financo S.r.l. acquired a 100.00% interest in the share capital of Gualdo TV 23 S.r.l., for a total of 970 thousand euros.
Moreover, in January, Colabeton S.p.A. acquired 50.00% of the share capital of Cofi S.r.l. for 70 thousand euros, thus increasing its stake in the company to 100.0%.
This transaction is part of a plan launched at Group level in 2006 and which is still under way; the plan envisages a number of transactions entailing the reorganization of the company aimed at improving efficiency and functionality in the various operating areas of the group hence achieve important operating synergies. The plan envisages the specialization by activity sectors, the integration of the value chain through verticalisation of core business activities and the rearrangement of other activities in dedicated companies that are directly controlled by the Holding Financo S.r.l..
Additionally, in June, Financo S.r.l. acquired 37.31% of the share capital of Gruppo Editoriale Umbria 1819 S.r.l. for 591 thousand euros.

OTHER INFORMATION

In accordance with the recommendation issued by CONSOB in its communication no. 94001437 of 23 February 1994 concerning the information that must be provided by financial companies that draw up their financial statements pursuant to the provisions of Legislative Decree no. 127 of 9 April 1991, we present, hereafter, a reclassified Income Statement which should help understand the events that characterised the company' financial year ended on 31 December 2007 and its results.
Reclassified Income Statement for the 2007 financial year and comparatives for the 2006 financial year:

	2007	2006
Interest and similar income	18.493	886.665
Interest and similar expenses	(4.230.062)	(410.301)
Dividends and capital gains on shareholdings	126.904.489	7.313.061
Other financial income	522.388	392.508
Adjustments to financial assets	(1.405.327)	-
RESULT FROM FINANCIAL OPERATIONS, SHAREHOLDINGS AND SECURITIES	**121.809.981**	**8.181.933**
Revenues for services	266.510	355.164
Labour and related costs	413.382	385.235
Other net general and adimistrative expenses	1.475.848	1.697.124
PROFIT (LOSS) ON ORDINARY ACTIVITIES	**120.187.261**	**6.454.738**
Net extraordinary items	-	-
PRE-TAX RESULT	**120.187.261**	**6.454.738**
Income taxes for the year	(1.699.094)	(350.810)
RESULT BEFORE CHANGE IN PROVISION FOR BAD DEBTS	**121.886.355**	**6.805.548**
Change in provision for bad debts	-	-
NET PROFIT FOR THE YEAR	**121.886.355**	**6.805.548**

KYOTO PROTOCOL – EUROPEAN DIRECTIVE ON THE EXCHANGE OF CO_2 EMISSION QUOTAS

The first implementation phase (NAP 1) of the European Directive on "Emission Trading" according to the Kyoto Protocol, which related to the 2005-2007 three-year period, was completed in the year just ended.
As far as NAP 1 is concerned, in the 2005-2007 three-year period, *Colacem S.p.A.*'s plants exceeded the CO_2 emission quotas assigned by the National Plan by approximately 500,000 tons; such gap was handled by purchasing the required quotas on the market which entailed a small cost for the company.

The gap was generated, on the one hand, by an insufficient allocation to the sector by the authorities, on the other hand, by a production increase which exceeded the estimated made by the Government when assigning the quotas.
The NAP 2 for the 2008-2012 five-year period was finally approved and *Colacem S.p.A* was assigned quotas equal to 16.7% of the Italian cement sector which are sufficient to cover the entire production budget.
However, Colacem continues to focus on the protection of the environment through actions aimed at containing gas emissions in the atmosphere.

SUSTAINABLE DEVELOPMENT, RESEARCH & DEVELOPMENT, QUALITY, ENVIRONMENT AND SAFETY

The Financo Group has always been committed to respecting human values and the territory. The high Turnover, production volumes and employment level are the result of the constant application of corporate values proven by innovative technology, excellent quality, high service standards, respect of human beings, strong bonds with the territory, attention paid to the environment.
As part of its continuous and gradual commitment towards matching industrial objectives of economic development with a careful and real environmental and social responsibility in all the activities carried out, a project was launched in 2007 to enable Colacem to present its First Sustainability Report in Italy on the basis of the “G3” guidelines of the GRI (Global Reporting Initiative).
The research and development activity is guaranteed by the Group mainly thanks to Colacem and Colabeton Technical structures. A series of initiatives aimed at examining a number of topical issues in depth, have led the company to collaborate with major Universities. An agreement has been recently signed with the University of Perugia to study, plan and produce a photocatalytic hydraulic binder, whilst the University of Ancona should collaborate to study the causes of fissures developing in prefabricated elements and to find the related solutions.
Researches carried out on the production of CO_2 allowed to fine-tune stringent procedures to establish the quantities of emissions generated by the single plants and to identify more and more efficient analysis methods, which would nevertheless be in line with the indications set out in Community regulations.
In 2007 the environmental ISO 14001 certification was obtained for the production unit based in Ghigiano [PG], owned by Colacem S.p.A.. In line with the company’s plans, the technical and administrative procedure to obtain a similar certification for the cement factory in Ragusa [RG] in 2008 is currently under way. The Company intends to gradually extend such certification to all its production sites.
As part of the Environmental Integrated Authorisations (*Autorizzazioni Integrate Ambientali - AIA*), the applications for the release of such authorisations for *Colacem S.p.A.*’s cement factories in Caravate [VA] and Ghigiano [PG] were successful, whilst the application for the plant of Rassina [AR] should be completed in 2008. The application procedures for the other plants are currently under way.
All the cooking lines of *Colacem S.p.A.*’s plants have been fitted with nitrogen oxide (Nox) reduction systems, using the best technology available to the sector. In 2007 important studies were conducted to test alternative methods to the ones currently used for reducing nitrogen oxide, which will be finalised by creating a prototype at the plant located in Caravate [VA].
The percentage of traditional fuels and raw materials replaced with renewable energy sources (biomasses, i.e. refuse that can be converted into energy or matter) remains unsatisfactory. Unfortunately, in Italy some people are still opposing the use of these substances instead of non-renewable materials, fuelled by pressure groups and committees operating throughout the territory, despite the use of these substances is hoped for by both domestic and Community legal regulations.
As regards safety, the main company of the Financo Group, *Colacem S.p.A.*, voluntarily joined the Agreement on social dialogue on breathable crystalline silica, sponsored by the European association o cement producers.
According to the aforesaid agreement the company has monitored its work areas to determine which kind of dust was present and the results obtained were decidedly reassuring.
The agreement is offering *Colacem S.p.A.* the opportunity to exploit the measures for safeguarding the health of its workers, which have been in force at the factories for quite some time.
The results of the application of the agreement will be sent to the national trade association through ad hoc reports which will be grouped in a national report on the sector which in turn will be sent to the relevant European association.
Through Interministerial Decree no. 76 of 28 March 2008 published on the Official Gazette no. 92 of 18 April 2008, the application was completed to obtain the tax credit associated with the company’s research and development activities. In this context the company is considering the activities carried out in 2007, to evaluate their applicability and the ensuing tax impact when preparing the tax return.

HUMAN RESOURCES AND ORGANIZATION

The Group headcount is 2,488 staff, hence 52 more units compared to the last financial year.
On 19 February 2008 the statement of agreement was signed to renew the cement contract, effective from 1 February 2008 and expiring on 31 December 2009 for the economic side, and 31 December 2011 for the regulatory side.
As regards the renewal of the contract, in 2007 the Headquarters' structure took part in the negotiations opened by *Colacem Canada Inc.* and the Syndacat des Salarìes de Cimenteries de la Région de Montréal (CSD) for the renewal of the Collective Bargaining Agreement (*Convenction Collective de Travail*) for all unionised workers. The agreement was reached after six months of negotiations, ratified by the employees' meeting and signed on 2 April 2008. The agreement has a duration of 6 years (2007-2012) and governs all legal regulations, organisational, management and economical aspects of the employment relationship in force at Colacem Canada Inc.
Still in 2007 particular attention was paid to the mechanisms for defining and integrating the remuneration policies of the foreign affiliates (*Domicem S.A.*, *CAT S.A.*, *Cementos Colacem Espana S.L.U.* e *Colacem Canada Inc.*). The changes in remuneration, both fixed and variable, were implemented to align the company to the local reference market and to secure human resources which are considered to be key elements for the company's growth.
The activities relating to Personnel Management and Development continued to support the organisational and cultural change projects associated with the introduction of the new SAP information system, both at the headquarters and the secondary offices with particular emphasis on the internationalisation process. In this respect some apprenticeship/work experience relationships were converted in permanent positions in the related company areas. This process concerned all company areas which were mostly involved in the activities associated with the implementation of the new information system.
Among the central functions, the reorganisation of the IT department was completed with the introduction of new human resources hired on the job market.
The activity supporting the international integration was completed partly employing personnel on temporary secondment and partly personnel from the reference job market.
In order to plan the future development of the management of the Financo Group, potentials were mapped and talents identified for all Company Departments/Areas.
In 2007 a pilot project was carried out to guarantee that personnel skills required for the role played by each staff within the company met the actual skills possessed; the project concerned the Sales Dept. and in 2008 will be extended to all other Company Departments/Areas.
Training activities were carried out both according to the consolidation needs of actual skills available and to develop the skills required for the new roles and responsibilities.
The training programme completed in the year concerned primarily technical training (production, maintenance, quality and foreign languages) without however neglecting behavioural issues (Managers and Function Heads).
Lastly, as part of the organisational development, in 2007 the reorganisation process of the Sales Dept. was completed by redesigning its structure with the aim of consolidating control over the national reference business and of integrating the international one.
In compliance with Annex B – Technical Regulation – point no. 19 of Legislative Decree no. 196/2003 (Privacy Law), all the required Group companies set the updated the Programmatic Document on Security (DPS) at 31 March 2008. The document describes the technical and organizational criteria adopted to protect common and confidential personal data processed electronically, as well as the training plan for those in charge of processing this data.

PENDING DISPUTES AND PROCEEDINGS

In the year just ended the Revenue Police carried out an investigation at *Colacem S.p.A.* which did not reveal any significant findings, however the authorities produced a separate report claiming that the company had failed to charge the so-called "Carbon Tax" on Carbon purchases for the FYs 2002-2007. The last report is in line with the findings revealed in June 2007 by the Customs & Excise of Siracusa and the Revenue Police of Ragusa.
It seems appropriate to specify that, as regards the "Carbon Tax" issue, new defence briefs were submitted for the Company claiming the groundlessness of the claims raised by the Revenue Police, supported by the authoritative opinions of external advisors, the considerations of the trade association Aitec – given that the issue was a matter of concern for the entire sector – and by favourable notes issued by the Central Area of the Customs & Excise.
To date the Customs & Excise of Perugia has not issued any payment notice, whilst the Inland Revenue of Siracusa has issued a suspension order as a self-protection of the assessment notices issued.
As regards the proceedings initiated by the Antitrust Authority against eleven companies that operate in the ready mix concrete sector, no further news were reported compared to what had been highlighted in the previous reports. The proceedings continue on appeal, before the Council of State, against the charges set out in the decision taken by the Lazio Commercial Tribunal ("*TAR*"). The Council of State has not yet established the date when the appeal will be heard.

INFORMATION PURSUANT TO ART. 2428, PARAGRAPH 2, POINTS 3, 4 AND 6BIS, OF THE CIVIL CODE

The activities of the Group are exposed to market risks in relation to changes in interest rates, exchange rates and the price of goods. The risk of price changes is linked to the nature of the business.
Credit risk represents the Group's exposure to the risk of loss due to uncertainty in a counterparty's ability to meet its obligations.
There are no significant credit risk concentrations at 31 December 2007 as customers are carefully selected thanks to internal procedures that allow the assessment and monitoring of the creditworthiness of each customer.
Financial assets are recognised in the financial statements after impairment calculated on the basis of the counterparty's risk of default, determined considering the information available on the customer's solvency and by taking account of historical data.
Liquidity risk is the risk that the company will encounter difficulty in raising funds.
At present the Group believes that the financing and credit lines it avails of are sufficient to enable it to meet its financial needs.
The Group's cash flows are exposed to risks of fluctuations in both exchange and interest rates on the market. More specifically, the exposure to exchanges rates arises from the Group's transactions in currencies other than the Euro, which are used to purchase a significant part of the solid fuels (e.g. coal) that are quoted or linked to the US dollar. With respect to such risks, the Groups enters into currency futures as well as exchange rate call and put option contracts.
Fluctuations in interest rates affect the market value of financial liabilities of the Group and the amount of net financial charges. The Group signed contracts which include Interest rate swaps and Interest Rate Collars to manage interest rate risks. The Group has derivative financial instruments in place which, in line with the Group Hedging Policy, have been entered into solely with the aim of neutralising the exposure to the risk of fluctuations in the interest rates of financial liabilities.
For more details on the transactions under review please refer to the Notes to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSE OF THE FY

No significant events occurred which required adjustments or additional comments that could influence the economic or financial situation at 31 December 2007.
The possibility of realigning the statutory amounts with the tax bases generated by anticipated depreciation charged in previous financial years and up to 31 December 2007 is currently being examined for some Group companies. This opportunity, provided for by the Finance Act for the year 2008 may lead to the payment of a substitute tax of IRES and IRAP with different tax brackets.
On 11 December 2007 the subsidiaries *Nuova Betontoce S.r.l.* and Colainertis S.r.l. were merged by incorporation in *Colabeton S.p.A.* The deed was registered in Perugia on 31 December 2007 under no. 20.511 and filed with the Perugia Companies Register on 24 December 2007 and registered under no. 37038, 37042 and 37048 on 31 December 2007. The basic economic and tax effects of the merger started on 1 January 2008; therefore, *Nuova Betontoce S.r.l.* and Colainertis S.r.l. transferred its assets, liabilities and economic components as at 31 December 2007 to the incorporating entity, with legal and accounting effectiveness as from 1 January 2008.
As far as the Transports division is concerned, as mentioned earlier on, worthy of notice is the purchase of a new ship, Evdoxia Carmela, by the company *Trasporti Marittimi del Mediterraneo S.r.l.*, which together with the other ship currently hired from *MT Management Marine Company Ltd* will have evident positive repercussions on the intragroup maritime transport service and the containment of hiring costs

BUSINESS OUTLOOK

In the first months of 2008 tensions on the international financial markets intensified. The prices of energy products were constantly on the increase, soaring in the first months of 2008, following the trend in oil quotations which recently topped the limit of 130 dollar per barrel. A similar situation was registered by food raw materials, cereals in particular. These increases generated significant inflationary tendencies which spread to all economies.
In the USA the signs of a weakening economic condition multiplied. In the first quarter of 2008 the Gdp reported, once again, a limited increase (+0.1%) contained by a progressive deceleration of consumption and the yet negative trend of investments, penalised by the further contraction of the residential component.
Growth in the main countries of the Eurozone slowed down, with an expected increase in the inflation rate which was partly attributed to the strong appreciation of the Euro against the Dollar.
In Italy many indicators suggest that the cyclical weakness phase which was under way in the fourth quarter of 2007 will continue through the whole of 2008 (+0.3% of Gdp) bringing the growth rate below its potential, which is already low compared to the international level.
The climate of uncertainties also affects the construction sector, where a slight revival of the public segment contrast with a foreseeable slowdown of the residential one, whilst private non-residential constructions face a difficult scenario, extremely linked to the economic trend.
In this context, also in 2008 the Group will continue to improve the overall production and profitability values, continuing to play a leading role along the way towards the national and international expansion of its own market, reaping the best possible opportunities.

ADDITIONAL INFORMATION PURSUANT TO ART. 40 OF LEGISLATIVE DECREE NO. 127/1991

There is nothing worth mentioning with regard to article 40, second paragraph, points a) and d) of Legislative Decree no. 127/1991.

Finally a heartfelt thanks goes to all those who in a period of major changes and development for the Group, have contributed with their work to achieve the set objectives that the Group intends to achieve in the future.

Consolidated Financial Statements Consolidated Balance Sheet for fy 2007 and comparison with fy 2006

[amounts shown in thousands of €]

ASSETS	2007	2006
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL OWED	-	-
B) FIXED ASSETS		
I Intangible		
1) Start-up and expansion costs	40	158
3) Industrial patent and intellectual property rights	7.019	592
4) Trademarks and licenses	4.933	4.975
5) Goodwill	23.421	22.917
6) Assets under construction and advances	967	4.679
7) Other	4.576	6.086
8) Goodwill/badwill on consolidation	18.655	23.215
Total	**59.611**	**62.622**
II Tangible		
1) Land and buildings	172.184	167.500
2) Plants and machinery	229.130	225.830
3) Industrial and commercial equipment	2.059	2.408
4) Other assets	17.511	17.995
5) Assets under construction and advances	26.230	36.875
Total	**447.114**	**450.608**
III Financial		
1) Shareholdings		
a) subsidiaries	7.896	1.971
b) affiliated companies	17.763	18.035
d) other shareholdings	51.535	51.832
Total	77.194	71.838
2) Accounts receivable		
a) subsidiaries		
- due within subsequent FY	481	24
- due beyond subsequent FY	978	1.815
Total	1.459	1.839
b) affiliated companies		
- due within subsequent FY	683	272
- due beyond subsequent FY	6.476	5.711
Total	7.159	5.983
d) other receivables		
- due within subsequent FY	4.681	2.060
- due beyond subsequent FY	15.135	15.881
Total	19.816	17.941
Total	28.434	25.763
Total	**105.628**	**97.601**
TOTAL FIXED ASSETS	***612.353***	***610.831***

ASSETS			2007	2006
C) WORKING CAPITAL				
I	**Inventories**			
	1)	Raw and ancillary materials and consumables	72.923	62.207
	2)	Semi-finished and finished goods	19.478	17.635
	4)	Finished products and goods	12.756	11.502
	5)	Advances	5.551	4.330
Total			**110.708**	**95.674**
II	**Accounts receivable**			
	1)	Clients		
		- due within subsequent FY	247.875	255.875
	2)	Subsidiaries		
		- due within subsequent FY	7	11
	3)	Affiliated companies		
		- due within subsequent FY	10.382	9.834
	4-bis)	Tax credits		
		- due within subsequent FY	11.664	7.657
		- due beyond subsequent FY	3.776	1.751
	Total		15.440	9.408
	4-ter)	Prepaid taxes		
		- due within subsequent FY	20.014	5.734
		- due beyond subsequent FY	9.091	21.638
	Total		29.105	27.372
	5)	Other receivables		
		- due within subsequent FY	3.693	8.734
		- due beyond subsequent FY	1.257	719
	Total		4.950	9.453
Total			**307.759**	**311.953**
III	**Financial assets other than fixed assets**			
	6)	Other securities	4.225	235
Total			**4.225**	**235**
IV	**Cash and cash equivalents**			
	1)	Bank and postal accounts	34.573	34.652
	2)	Cheques	-	77
	3)	Cash and valuables on hand	645	708
Total			**35.218**	**35.437**
TOTAL WORKING CAPITAL			***457.910***	***443.299***
D) ACCRUALS, PREPAYMENTS AND DEFERRALS			***3.986***	***4.424***
TOTAL ASSETS			***1.074.249***	***1.058.554***

LIABILITIES		2007	2006
A)	***SHAREHOLDERS' EQUITY***		
I	**Share capital**	**6.000**	**6.000**
II	**Share premium reserve**	**-**	**-**
III	**Revaluation reserves**	**136.733**	**136.706**
IV	**Legal reserve**	**13.994**	**13.487**
V	**Statutory reserves**	**-**	**-**
VI	**Reserve for treasury shares**	**-**	**-**
VII	**Other reserves**	**305.330**	**304.439**
VIII	**Profits (losses) carried forward**	**-**	**-**
IX	**Profit for the year**	**53.988**	**11.167**
TOTAL GROUP'S CONSOLIDATED SHAREHOLDERS' EQUITY		***516.045***	***471.799***
X	**Minority interest share capital and reserves**	**56.869**	**40.307**
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY OF GROUP AND MINORITY INTEREST		***572.914***	***512.106***
B)	***PROVISIONS FOR RISKS AND CHARGES***		
	1) Provision for retirement benefits	20	420
	2) Provision for taxes including deferred taxes	16.867	17.956
	3) Other	2.732	5.232
TOTAL PROVISIONS FOR RISKS AND CHARGES		***19.619***	***23.608***
C)	***PROVISION FOR EMPLOYEE SEVERANCE PAY***	***28.751***	***29.787***
D)	***ACCOUNTS PAYABLE***		
	4) Payables to banks		
	- due within subsequent FY	68.286	61.803
	- due beyond subsequent FY	184.305	207.551
	Total	252.591	269.354
	5) Other lenders		
	- due within subsequent FY	709	511
	- due beyond subsequent FY	2.021	2.251
	Total	2.730	2.762
	6) Advances		
	- due within subsequent FY	281	874
	7) Trade payables		
	- due within subsequent FY	124.958	145.232
	9) Payables to subsidiaries		
	- due within subsequent FY	119	207
	10) Payables to affiliated companies		
	- due within subsequent FY	1.515	1.317
	12) Tax liabilities		
	- due within subsequent FY	7.960	29.777
	- due beyond subsequent FY	248	248
	Total	8.208	30.025
	13) Payables to social security authorities		
	- due within subsequent FY	5.051	4.456
	- due beyond subsequent FY	358	431
	Total	5.409	4.887

LIABILITIES	2007	2006
14) Other payables		
- due within subsequent FY	39.014	18.208
- due beyond subsequent FY	4.522	5.448
Total	43.536	23.656
TOTAL ACCOUNTS PAYABLE	***439.347***	***478.314***
E) ACCRUALS, PREPAYMENTS AND DEFERRALS	***13.618***	***14.739***
TOTAL LIABILITIES	***1.074.249***	***1.058.554***

MEMORANDUM ACCOUNTS

[amounts shown in €/000]

	2007	2006
A) PERSONAL GUARANTEES GRANTED		
1) Fidejussions in favour of		
a) subsidiaries	645	-
b) affiliated companies	1.364	1.500
TOTAL PERSONAL GUARANTEES GRANTED	***2.009***	***1.500***
B) COLLATERALS GRANTED	***-***	***-***
C) COMMITMENTS		
1) Finance lease instalments due to expire	6.975	9.030
2) Third party bailed assets	-	452
TOTAL COMMITMENTS	***6.975***	***9.482***
D) RISK ACCOUNTS	***-***	***-***
TOTAL MEMORANDUM ACCOUNTS	***8.984***	***10.982***

CONSOLIDATED INCOME STATEMENT FOR FY 2007 AND COMPARISON WITH FY 2006

[amounts shown in €/000]

				2007	2006
A)	***VALUE OF PRODUCTION***				
	1)	Revenues from sales and services		866.191	827.519
	2)	Change in inventories of finished and semi-finished products semi-finished and finished products		2.853	(2.303)
	4)	Capitalization of internal construction costs		1.320	2.257
	5)	Other income and revenues			
		a)	contributions to operating expenses	51	281
		b)	sundry income and revenues	8.701	9.568
	Total			8.752	9.849
TOTAL VALUE OF PRODUCTION				***879.116***	***837.322***
B)	***COSTI DELLA PRODUZIONE***				
	6)	Raw and ancillary materials and consumables		279.495	283.579
	7)	Services		297.971	261.323
	8)	Lease and rental costs		10.407	10.497
	9)	Personnel costs			
		a)	Wages and salaries	72.530	67.764
		b)	Social security contributions	22.433	21.345
		c)	Severance indemnity	5.550	5.174
		e)	Other costs	889	788
	Total			101.402	95.071
	10)	Depreciation, amortization and write-downs			
		a)	Amortization of intangible fixed assets	14.530	13.875
		b)	Depreciation of tangible fixed assets	74.547	117.611
		d)	Write-downs of current receivables	186	2.248
	Total			89.263	133.734
	11)	Change in inventories of raw and ancillary materials, consumables and goods		(8.601)	(2.328)
	13)	Other provisions		975	1.752
	14)	Sundry operating expenses		16.261	17.241
TOTAL COSTS OF PRODUCTION				***787.173***	***800.869***
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION [A-B]				***91.943***	***36.453***
C)	***FINANCIAL INCOME AND (EXPENSES)***				
	15)	Investment income			
		a)	subsidiaries	40	163
		b)	other income on other shareholdings	5.959	5.272
	Total			5.999	5.435
	16)	Other financial income			
		a)	from receivables entered as fixed assets		
			- subsidiaries	7	2
			- affiliated companies	58	36
			- other income	251	193
		Total		316	231

			2007	2006
	c)	from securities other than shareholdings entered as current receivables	185	7
	d)	sundry income	3.347	1.607
Total			3.848	1.845
17)	Interest and other financial charges			
	a)	subsidiaries	-	(11)
	b)	other Group's companies	(89)	(74)
	c)	other interest and financial charges	(15.055)	(15.257)
Total			(15.144)	(15.342)
17-bis)	Exchange-rate profits and losses		(283)	839
TOTAL FINANCIAL INCOME AND EXPENSES			***(5.580)***	***(7.223)***
D)	***ADJUSTMENTS TO FINANCIAL ASSETS***			
18)	Write-ups			
	a)	shareholdings	1.641	726
19)	Write-downs			
	a)	shareholdings	(1.803)	(1.288)
	b)	financial fixed assets other than shareholdings	-	(17)
Total			(1.803)	(1.305)
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS			***(162)***	***(579)***
E)	***EXTRAORDINARY INCOME (EXPENSES)***			
20)	Income			
	a)	gains on disposal of assets	341	25
	b)	other extraordinary income	5.273	3.071
Total			5.614	3.096
21)	Expenses			
	a)	capital losses on disposal of assets	(781)	(6)
	b)	taxes for previous FYs	(566)	(1)
	c)	other extraordinary expenses	(1.044)	(1.225)
Total			(2.391)	(1.232)
TOTAL EXTRAORDINARY INCOME (EXPENSES)			***3.223***	***1.864***
PRE-TAX RESULT [A-B±C±D±E]			**89.424**	**30.515**
22)	Current, deferred, and prepaid taxes on income for the year		28.883	19.435
23)	Result for the year including minority interest		60.541	11.080
24)	Minority interest for the year		(6.553)	87
25)	Profit for the year		53.988	11.167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at 31 december 2007

STRUCTURE AND CONTENT OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements, prepared in accordance with the provisions of Legislative Decree no. 127/1991, comprise the Consolidated balance sheet and Income Statement, drawn up by reference to the structure and content prescribed for the financial statements of the companies included in the scope of consolidation, the Directors' Report on Operations and these Notes. The purpose of the Notes is to illustrate, provide an analysis and, in some cases, integrate the financial statement data, and contain the information required by art. 36 of Legislative Decree no. 127/1991 and other provisions of the same decree; any additional information that is deemed necessary to give a true and fair view of the company's financial position is provided even if it is not specifically prescribed by legal regulations.
The amounts included in the Balance Sheet and the Income Statement, as well as those of the various tables that make up these Notes, are stated in thousands of Euros.
The accounting year end of the Consolidated financial statements, that is 31 December 2007, is the year end of the financial statements of the Parent company Financo S.r.l.. The Consolidated financial statements comprise the financial statements of the Parent company at 31 December 2007 and of the subsidiaries in which Financo S.r.l. holds, either directly or indirectly, more than 50% of the shares or quotas with voting rights, at the same date. The companies included in the scope of consolidation using the line-by-line method are listed below:

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	% HELD BY PARENT COMPANY	% HELD BY SUBSIDIARIES						% HELD BY GROUP
				Colacem S.p.A.	Colabeton S.p.A.	Les Ciments Artificiels Tunisiens S.A.	Stenca S.a.r.l.	Inba S.p.A.	Albacem S.p.A.	
Financo S.r.l.	Via della Vittorina, 60 Gubbio [PG]	6.000	-	-	-	-	-	-	-	-
Colacem S.p.A.	Via della Vittorina, 60 Gubbio [PG]	100.000	100,00	-	-	-	-	-	-	100,00
Nuova Ital-Leganti S.r.l.	Via della Vittorina, 60 Gubbio [PG]	10	99,00	-	-	-	-	-	-	99,00
Colabeton S.p.A.	Via della Vittorina, 60 Gubbio [PG]	60.000	100,00	-	-	-	-	-	-	100,00
Tracem S.p.A.	Via della Vittorina, 60 Gubbio [PG]	500	60,48	-	-	-	-	-	-	60,48
Inba S.p.A.	Contrada Murrone Soleto [LE]	500	55,00	-	-	-	-	-	-	55,00
Nuova Cementi Ravenna S.r.l.	Via della Vittorina, 60 Gubbio [PG]	1.870	-	100,00	-	-	-	-	-	100,00
Les Ciments Artificiels Tunisiens S.A.	Route Z 4, Km 2 1009 Tunisi [Tunisia]	55.873	-	84,24	-	-	-	-	-	84,24
Cementos Colacem Espana S.L.U.	Darsena de Escombreras - Muelle Principe Felipe Cartagena [Spagna]	400	-	100,00	-	-	-	-	-	100,00
General Inerti S.r.l.	Loc. Carrera del Conte SS 85 Km. 15,700 Sesto Campano [IS]	97	-	100,00	-	-	-	-	-	100,00
Domicem S.A.	Avenue Abraham Lincoln 295 casi esquina Avenue Josè Contreras, 2do. Piso Edificio CaribAlico Santo Domingo [Repubblica Dominicana]	39.769	-	49,00	-	-	-	-	-	49,00
Santa Monica S.p.A.	Via Daijiro Kato, 10 Misano Adriatico [RN]	9.817	-	88,87	-	-	-	-	-	88,87
Tourist S.p.A.	Via Tifernate s.n. Gubbio [PG]	10.200	-	100,00	-	-	-	-	-	100,00
Albacem S.p.A.	Via dela Vittorina, 60 Gubbio [PG]	120	-	65,00	-	-	-	-	-	65,00
Colacem Canada Inc.	1235, Chemin Kilmar, Kilmar Grenville - Sur - La - Rouge [Canada]	24.223	-	57,00	-	-	-	-	-	57,00

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	% HELD BY PARENT COMPANY	% HELD BY SUBSIDIARIES						% HELD BY GROUP
				Colacem S.p.A.	Colabeton S.p.A.	Les Ciments Artificiels Tunisiens S.A.	Stenca S.a.r.l.	Inba S.p.A.	Albacem S.p.A.	
Beton Granulati S.p.A.	Via della Vittorina, 60 Gubbio [PG]	7.755	-	-	95,75	-	-	-	-	95,75
Calcestruzzi Gubbio S.p.A.	Fraz. Mocaiana Gubbio [PG]	120	-	-	58,50	-	-	-	-	58,50
Sun Flower S.r.l.	Via del Carro, 27 Misano Adriatico [RN]	52	-	-	100,00	-	-	-	-	100,00
Nuova Beton Toce S.r.l.	Regione Garlanda - Fondotoce Verbania [VB]	51	-	-	100,00	-	-	-	-	100,00
Cat Transport S.a.r.l.	Route Z 4, Km 2 25 Bis rue Ibn Khaldourn Megrine 1009 Tunisi [Tunisia]	56	-	-	-	45,00	-	-	-	37,91
Stenca S.a.r.l.	Route Z 4, Km 2 Elouardia Tunisi [Tunisia]	6	-	-	-	49,00	-	-	-	41,28
Somatp S.A.	41, Rue 8600 la Charguia Chartage Tunisi [Tunisia]	919	-	-	-	49,00	2,00	-	-	42,96
Trasporti Marittimi del Mediterraneo S.r.l.	Contrada Murrone Soleto [LE]	10	-	-	-	-	-	60,00	-	33,00
MT Management Marine Company Ltd	Chatzikiriakou 15 - 17 Piraeus [Grecia]	5	-	-	-	-	-	60,00	-	33,00
Colacem Albania Sh.p.k.	Rr. Abdi Toptani Torre Drini Ap. 134 [Albania]	1	-	-	-	-	-	-	100,00	55,00

Compared to the previous financial year, the scope of consolidation has expanded and now includes Colacem Canada Inc., Albacem S.p.A. e Colacem Albania Sh.p.k. that operate in the hydraulic binders production sector.
The scope of consolidation does not include companies which would be irrelevant for the purpose of giving a true and fair view of the financial position and economic result as they are not material or at their initial operating stage. These companies are carried at equity.

CHANGES IN CONSOLIDATION AREA FOR THE YEAR

	Registered Office	Business area	Reason for inclusion in / exclusion from consolidation area
Included companies:			
Colacem Canada Inc.	Kilmar, Grenville Sur - La - Rouge [Canada]	Cement	Control
Albacem S.p.A.	Via dela Vittorina, 60 Gubbio [PG]	Cement	Control
Colacem Albania Sh.p.k.	Rr. Abdi Toptani Torre Drini [Albania]	Cement	Control
Excluded companies:			
Cementos de Levante S.A.	CL Esperanza, 11 Rozas de Madrid [Spagna]	Cement	Merger
Commercial de Cementos de Levante S.A.	CL Esperanza, 11,1,A Rozas de Madrid [Spagna]	Cement	Merger
Porto Levante Eastern S.c.a.r.l.	Via Classicana, 30 - Ravenna [RA]	Concrete	Sale

The financial statements used for consolidation are those at 31 December 2007, as prepared by the Board of Directors for approval by the Shareholders' Meeting of each company, drawn up pursuant to the provisions of the Italian civil code as interpreted and integrated by the accounting standards issued by the "Consiglio Nazionale dei Dottori Commercialisti" and the "Consiglio Nazionale dei Ragionieri" (both part of the Italian Accounting Body), revised by the OIC (Organismo Italiano di Contabilità – Italian Accounting Standards Authority).

CONSOLIDATION CRITERIA

The most significant consolidation criteria adopted to prepare the Consolidated financial statements at 31 December 2007, as regards the companies consolidated using the line-by-line method, are as follows:

a) the carrying value of consolidated investments is set off against the related net equity and the related share of assets and liabilities, costs and revenues of consolidated companies is included in the consolidated accounts using the line-by-line method. The excess consideration paid over the investee's Net Equity at the date of acquisition is allocated to the individual assets and liabilities to which such excess value relates. The excess value recognised under Assets is amortised over the useful life of the assets involved, any residual value, if positive, being included as Consolidation difference under assets and amortised using the valuation criteria applied to goodwill; if negative, the difference is included in Net Equity under Consolidation Reserve and recycled to the Income Statement when realised;
b) unrealised gains arising from transactions between consolidated companies or companies carried at equity are derecognised if relevant; the tax effects of eliminated transactions are recognised; therefore, to the extent that taxes were accrued or paid for such intragroup profits in the financial statements of the companies that recorded them, such taxes are deferred until the related transactions are realised with third parties; moreover, significant intragroup debit and credit balances as well as cost and income items between consolidated companies are derecognised;
c) the Minority interest's share of Net equity of consolidated subsidiaries is shown under a specific Net Equity item; the Minority interest's share of net profit of the aforesaid companies is separately shown in the Consolidated Income Statement;
d) dividends from consolidated investments that are accounted for as investment income in the Income Statement of the Parent company or of the other companies consolidated using the line-by-line method are eliminated in the Consolidated Income Statement
   the financial statements of foreign subsidiaries consolidated on a line-by-line basis were converted using the current exchange rate method as recommended by the International Accounting Standard (IAS) no. 21.

RECONCILIATION OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY FINANCO S.R.L. WITH THE CONSOLIDATED FINANCIAL STATEMENTS OF THE FINANCO GROUP AT 31 DECEMBER 2007

The analysis of the items reconciling the profit for the year and the net equity of Financo S.r.l. and the profit for the year and the Net equity of the consolidated financial statements of the Financo Group at 31 December 2007 compared with those at 31 December 2006, is shown below:

	INCREASE (DECREASE)			
	2007		2006	
	Profit for the year	Net equity	Profit for the year	Net equity
Balances as per statutory financial statements of Financo S.r.l.	121.886	241.562	6.806	126.477
Dividends from subsidiaries	(121.383)	-	(7.344)	-
Surplus on net equities, including				
results for the year, compared to book values				
Consolidated subsidiaries *	62.464	336.983	17.291	393.448
Shareholdings measured through net equity method	609	992	(767)	483
Adjustments made to adust financial statements to group's accounting standards	(3.035)	(6.623)	(4.906)	(8.302)
Minority interest	(6.553)	(56.869)	87	(40.307)
Balances as per consolidated financial statements of Financo S.r.l. and its subsidiaries	**53.988**	**516.045**	**11.167**	**471.799**

* Including the effects of the elimination of intragroup transactions

VALUATION CRITERIA

The valuation criteria adopted for the consolidated financial statements are the same as those adopted by Financo S.r.l. for its financial statements, except for the criteria relating to the valuation of non-consolidated subsidiaries and affiliated companies.
In particular, the most significant accounting standards adopted by the Parent company to prepare the consolidated financial statements are as follows:

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated in the financial statements at purchase or production cost including incidental costs and are amortised on a straight-line basis over their expected useful life.
If a permanent impairment in value occurs, fixed assets are written down accordingly regardless of any accumulated amortisation already charged in the books; the impairment loss is written back in future accounting periods when the circumstances and events that led to the write-downs cease to exist.
Start-up and expansion costs that relate to more than one year, as well as purchased goodwill, are recognised in balance sheet assets subject to approval by the Board of Statutory Auditors.
Start-up and expansion costs are amortised over a period of 5 years. Any straight-line amortisation for a period exceeding 5 years is proportioned to the period over which the asset is used and is adequately justified. Goodwill is amortised based on its expected useful life (10 years).
Incidental costs incurred to obtain financings, such as expenses for handling the preliminary documentation, substitute tax on medium-term loans and all other initial costs are capitalised under Other intangible fixed assets. Incidental costs on loans are amortised in relation to the term of the related loans.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the financial statements at purchase or construction cost, as adjusted, in certain cases, due to the application of specific monetary alignment laws but also to the allocation of negative merger differences arisen in previous financial years and the allocation of the greater consideration paid to acquire investments. The cost includes incidental costs as well as a share of direct and indirect costs that may be reasonably charged to the asset. Fixed assets are depreciated systematically, on a straight-line-basis, by applying adequate depreciation rates calculated by reference to the useful life of the assets; the rates are listed in the section of the Notes on balance sheet assets. Fixed assets whose economic value at the end of the financial year is significantly lower than the respective net book value calculated using the aforesaid criteria, are written down to such value, any impairment loss being written back in future accounting periods when the circumstances and events that led to the write-downs cease to exist.
Ordinary and extraordinary maintenance costs are debited to the Consolidated Income Statement in full. Maintenance costs that represent fixed asset improvements are recognised in fixed assets and are depreciated by reference to their expected useful life.

INVESTMENTS AND SECURITIES INCLUDED UNDER FIXED ASSETS

Investments in non-consolidated subsidiaries and affiliated companies that are subject to significant influence by the company, are carried at equity. All other investments are carried at cost or at a lower value so as to take account of impairment losses calculated by reference to the Net Equities of the investees' financial statements.
Fixed-income securities are stated at purchase cost, any premium or discount being recognised in the accounting records. Such cost is written down if impairment losses occur. Any impairment loss of fixed assets is written back in future accounting periods when the circumstances and events that led to the write-downs cease to exist.

INVENTORIES

Inventories are stated at the lower of purchase or production cost, calculated using the LIFO method, and their net realisable value (in essence their market value); any write-down is written back in future accounting periods if the circumstances and events that led to the write-downs cease to exist. The cost includes incidental costs as well as a share of direct and indirect costs that may be reasonably charged to the asset; the net realisable value is calculated taking account of both any manufacturing costs yet to be sustained and direct selling costs. Inventories of obsolete or slow-moving items are written down to their value in use or net realisable value.

ACCOUNTS RECEIVABLE

Receivables are stated at net realisable value.

INVESTMENTS AND SECURITIES THAT ARE NOT FIXED ASSETS

Investments and securities that are not fixed assets are valued at the lower of cost, calculated using the LIFO method, and net realisable value, taking account of the market value of trading securities. In case of impairment losses, the asset item is written down accordingly; any impairment loss is written back in future accounting periods when the circumstances and events that led to the write-downs cease to exist.

PREPAYMENTS, ACCRUALS AND DEFERRALS

These items include shares of income and charges that relate to more than one accounting period so as to ensure that they are allocated to the correct financial year.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for risks and charges are set up to cover losses or payables, that are certain or probable, the amount or timing of which, however, could not be reliably determined at the financial year end. The provisions represent the better estimate possible on the basis of available information. Risks which may only remotely give rise to a liability are indicated in the Notes and no provision for risks and charges is set up.

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY

The Severance indemnity provision represents the full liability for amounts due to employees in accordance with the provisions of current legal regulations as well as National Collective Bargaining Agreements and other company supplementary agreements. This liability is revalued using indices.

PAYABLES

Payables are stated at their nominal value.

CAPITAL GRANTS

Capital grants are included in a specific item of Accruals, Prepayments and Deferrals and are credited to the Income statement on a straight-line basis over a period of time that is correlated to the remaining useful life of the tangible fixed assets to which the capital grant relates.

COSTS AND REVENUES

Costs and revenues are recognised in accordance with the ‘prudence’ and ‘accruals’ concepts; revenues are recorded net of returns, discounts, rebates and premiums as well as net of tax that is directly related to the sale of products and the provision of services. Revenues from the sale of products are recognised at the time ownership is transferred, which generally coincides with the shipment. Financial income is recognised on the basis of the ‘accruals’ or ‘matching’ concept.

TAXATION FOR THE YEAR

Current year taxation charges are included in the financial statements based on a reasonable estimate of the taxable income of each consolidated company and in compliance with current legal regulations, taking account of any applicable exemptions and tax credits that the company is entitled to. Moreover, deferred tax assets and liabilities are recognised for tax temporary differences between the result for the year and taxable income, as well as between the result for the year and the consolidated result. Deferred tax assets are stated under balance sheet assets to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences will be utilised.

DERIVATIVE CONTRACTS

Derivative instruments (the so-called derivative contracts) are used to safeguard the value of individual assets and liabilities that are exposed to the risk of fluctuations in interest rates, exchange rates and market prices.
A derivative contract is considered as a hedge if the hedging relationship between the hedging instrument and the hedged item is formally documented, measurable and effective. The spreads on such derivative contracts are reflected in the income statement by reference to the assets and liabilities related to them. In particular, interest spreads to be received or paid on “Interest Rate Swaps” and “Interest Rate Collars”, are recognised in the Income Statement over the term of the contract; the spreads on “Forward Rate Agreements” are calculated when the contract is settled and recognised in the income statement on the ‘accruals’ basis over the hedge period; any interest spreads matured and not paid at the year end or paid in advance are included under Accruals, Prepayments and Deferrals.

CONVERSION CRITERIA APPLIED TO AMOUNTS DENOMINATED IN FOREIGN CURRENCY

Receivables and Payables denominated in foreign currency are converted into euros using the historical exchange rates ruling at the date of the related transactions. Any exchange rate differences realised upon collection of receivables or payment of payables denominated in foreign currency are recognised in the income statement.
Foreign currency assets and liabilities, apart from fixed assets, are stated in the financial statements at the exchange rate ruling at the year end and the related exchange gains or losses, even if unrealised, are recognised in the income statement pursuant to art. 2426 of the Civil Code. If a net exchange gain arises upon recalculating the value of asset and liability items using year-end exchange rates, such net gain is credited to a specific reserve that cannot be distributed until the gain is actually realised.
Tangible, intangible and financial fixed assets represented by investments, that are recorded at their foreign currency cost, are recognised at the exchange rate ruling at the time of purchase or at the lower year-end exchange rate if the reduction in value is considered to be permanent.

OTHER INFORMATION

CHANGES IN VALUATION CRITERIA

The valuation criteria used for the attached financial statements are the same as those used to prepare the financial statements of the previous financial year

DEPARTURES PURSUANT TO ART. 2423, PARAGRAPH 4, OF THE CIVIL CODE

Please note that no departures pursuant to art. 2423, paragraph 4 of the Civil Code were made with regard to the financial statements of the single consolidated companies for the year under review.

COMMENTS TO THE MAIN BALANCE SHEET ASSETS

FIXED ASSETS

Details about the three categories of fixed assets (intangible, tangible and financial) and their main variations may be found in specific tables shown in the following pages.

INTANGIBLE FIXED ASSETS

The item Start-up and capital costs includes costs that are spread over several years and which relate to::

	2007	2006
Start-up costs		
Incorporation expenses (registration tax, notary's fees, etc.)	3	108
Expansion costs		
Merger expenses (registration tax, notary's fees, etc.)	8	13
Other	29	37
Total	37	50
TOTAL	**40**	**158**

The reduction in this item is mainly attributable to current year amortisation charges.

The item Industrial patents and intellectual property rights, which at the year end shows a balance of 7,019 thousand euros, is almost entirely represented by rights for the use of data processing software. The increase recorded during the year, 6,427 thousand euros, mainly relates to the costs Colacem S.p.A. incurred to implement the new SAP IT system, started at the beginning of October 2007, offset by the amortisation charges for the year of 1,019 thousand euros.

The item Trademarks and licences, amounting to 4.933 thousand euros relates to the value of the lease rights associated with Colacem S.p.A.'s port complex in Ravenna (3,411 thousand euros), and the licences required by Colacem S.p.A. (287 thousand euros) and Beton Granulati S.p.A. (966 thousand euros) to carry out extraction activities.

The item Goodwill, amounting to 23,421 thousand euros mainly relates to the greater consideration paid by the subsidiary Colacem S.p.A. for the acquisition of all the shares of Industria Siciliana Cementi S.p.A. compared to the latter's net equity, and allocated to this specific balance sheet item. The current year increase in Goodwill of 504 thousand euros is attributable to the combined effect of new goodwill recorded in the year of 5,817 thousand euros, mostly relating to the goodwill of the company Colacem Canada Inc. that was consolidated for the first time in this FY, offset by the depreciation charges for the year of 5,313 thousand euros.

The item Fixed assets in progress and advances, which at the year end amounted to 967 thousand euros, concerns advances paid to suppliers for deferred charges (16 thousand euros) and costs that can be capitalised as fixed assets (951 thousand euros). The decrease recorded in the item is attributable to the costs Colacem S.p.A. incurred in the previous FYs to implement the new SAP IT system that became necessary during 2007. Therefore, the item was reclassified to Industrial patents and intellectual property rights as indicated above.

At the year end, the item Other includes the following sub-items:

	2007	2006
Leasehold improvement costs	1.889	1.972
Other	2.687	4.114
TOTAL	**4.576**	**6.086**

The most significant amount included in the item Other relates to costs incurred for financial charges on bank loans

The item Consolidation difference of 18,655 thousand euros relates to the differences between the consideration paid for the shares purchased and the related net equity if not allocated to fixed assets, arisen upon consolidating the following subsidiaries on a line-by-line basis: Les Ciments Artificiels Tunisiens S.A., Cementos Colacem Espana S.L.U., Tourist S.p.A., Santa Monica S.p.A. and Nuova Beton Toce S.r.l.. The decrease in the item in question is attributable to the combined effect of the new Consolidation differences arisen as a result of the acquisition of a further 5.20% of the share capital of Beton Granulati S.p.A., offset by the depreciation charges for the year of 4,921 thousand euros.

More details concerning current year variations in Intangible fixed assets are provided in a specific table of these Notes which shows a breakdown of the assets in question.

The depreciation criteria adopted for the various intangible fixed asset items are shown below:

- *Set-up and capital costs*	5 years
- *R&D and advertising costs*	5 years
- *Industrial patents and intellectual property rights*	5 years
- *Trademarks and licences*	3 years, duration of the authorization or in proportion to the quantity of extracted material
- *Goodwill and Consolidation difference*	estimated useful life (10 years)
Other intangible fixed assets	
• Leasehold improvements	duration lower between estimated useful life and unexpired lease term
• Other	contract duration

Concerning the above, the amortisation criteria adopted for Industrial patents and intellectual property rights, Trademarks and licences and Goodwill is considered to be reasonable taking account of the expected useful life of the assets.

TANGIBLE FIXED ASSETS

At the year end this item was made up as follows:

	GROSS	DEPRECIATION PROVISION	NET
Land and buildings	321.364	149.180	172.184
Plants and machinery	1.144.415	915.285	229.130
Industrial and commercial equipment	15.675	13.616	2.059
Other assets	77.838	60.327	17.511
Fixed assets in progress and advances	26.230	-	26.230
TOTAL	**1.585.522**	**1.138.408**	**447.114**

The main increases/(decreases) for the year related to:

- Land and buildings, up 15,467 thousand euros. This increase mainly relates to:
  - the purchase and construction of buildings by Santa Monica S.p.A. (10,783 thousand euros) of which 7,709 thousand euros relate to the modernization works of the track and terminal locations of the “Misano World Circuit”, 1,855 thousand euros to build the Sea-side Stand (C) and the Mountain-side Stand (D) and 610 thousand euros to purchase a rural building, with attached land, near the motor racing circuit and a two-storey prefabricated structure for TV commentators and other structural works to the pit building;
  - the enlarged scope of consolidation (3,687 thousand euros). This amount refers to Colacem Canada Inc. for 3,348 thousand euros and to Colacem Albania Sh.p.k. for 339 thousand euros;
  - Properties purchased and constructed by Colacem S.p.A. for 2,560 thousand euros, 850 thousand of which to complete the terra-cotta grinding mill at the plant based in Ragusa and the remaining part to purchase some land and buildings located near the plants of Galatina [LE], Ragusa [RG] e Caravate [VA];

  - Properties purchased and constructed by Colabeton S.p.A. for 459 thousand euros, 124 thousand of which for works on terminal locations, 104 thousand for works on buildings, 101 thousand for light constructions, and 130 thousand to purchase land.

- Plants and machinery, up 52,478 thousand euros. This increase mainly relates to:
  - The enlarged scope of consolidation for 39,585 thousand euros, totally attributable to the plants and machinery of Colacem Canada Inc.;
  - Colacem S.p.A. for 18,209 thousand euros, 6,569 thousand of which relate to a new silo for the storage of clinker at the plant based in Caravate [VA] and 4,208 thousand to the new terra-cotta grinding mill at the plant based in Ragusa [RG];
  - Colabeton S.p.A. for 5,748 thousand euros, specifically to purchase: new specific plant for 5,554 thousand euros, generic plant for 134 thousand euros, operator machinery for 37 thousand euros, and audiovisual and telephone systems for 23 thousand euros;
  - Santa Monica S.p.A. for 2,042 thousand euros, which basically relate to the works carried out for the installation of the audio/ video/ TV-CC/ lighting system, for optical fibres cabling and the “CISCO project”;
  - To CAT S.A. for 1,208 thousand euros, mainly to construct a line to load and sack cement in Big Bags, to complete the new sacking line in Mollers, and to complete the new line for extraction and load of cement silos – SK 5,6 and 7.

The above increases were partially offset by the decommissioning of some plants and machinery of Colacem S.p.A. at the plant in Caravate [VA], specifically the grinding plant, and Colabeton S.p.A..

- Industrial and commercial equipment, up 933 thousand euros. This increase mainly refers to acquisitions made by Colacem S.p.A. (496 thousand euros), acquisitions made by Colabeton S.p.A. (241 thousand euros) and acquisitions made by Domicem S.A. (267 thousand euros).

- Other assets, up 475 thousand euros. This increase mainly relates to:
  - Electronic office machinery purchased by Colacem S.p.A. for 1,896 thousand euros;
  - Motor vehicles, containers and semitrailers purchased by Tracem S.p.A. (1,797 thousand euros);
  - Motor vehicles purchased by Inba S.p.A. (1,169 thousand euros);
  - Transport vehicles and internal means of transports purchased by Colabeton S.p.A. for 627 thousand euros;
  - Acquisitions made by Domicem S.A. (322 thousand euros);
  - The enlargement of the scope of consolidation for 138 thousand euros, totally referable to Colacem Canada Inc..

The aforesaid increases were offset by both the sale of some transport vehicles by Inba S.p.A., Tracem S.p.A. and Colabeton S.p.A., and by the disposal of some company cars and heavy transport vehicles by Colacem S.p.A..

At the end of the year the item Fixed assets in progress and advances amounted to 26,230 thousand euros and related to plant and machinery under construction and advances paid to suppliers to purchase durable goods by Colacem S.p.A., C.A.T. S.A., Colabeton S.p.A., Domicem S.A. and Beton Granulati S.p.A..

All the increases mentioned above were partly offset by the effect generated by the conversion of fixed asset values of companies that use currencies other than the Euro at the exchange rate ruling at 31 December 2007, as highlighted in the statement of changes in tangible fixed assets.

Economic or monetary revaluations were carried out in previous financial years in respect of some tangible fixed assets pursuant to specific legal regulations. As regards the economic revaluations carried out in previous financial years by allocating “negative merger differences”, it may be asserted that the new book values, verified by an independent appraiser, do not exceed market value.

Assets that have been revalued in accordance with specific legal regulations in previous years, and which are still included under Equity at 31 December 2007 are shown hereunder pursuant to art. 10, Law no. 72/1983.

	Historical cost	Law no. 576 2/12/1975	Law no. 72 19/03/83	Law no. 413 30/12/91	Law no. 342 21/11/00	Law no. 266/2005	Write-up for transformation	Allocation of losses from mergers	Total write-ups	Balances as at 31.12.07
Land and buildings	50.490	725	3.120	11.178	-	-	11	35.280	50.314	100.804
Plants and machinery	245.786	1.679	13.579	194	163.387	116.743	65	42.972	338.619	584.405
Industrial and commercial equipment	2.863	5	34	-	-	-	-	607	646	3.509
Other assets	10.353	12	86	-	2.728	-	5	3.318	6.149	16.502
TOTAL	**309.492**	**2.421**	**16.819**	**11.372**	**166.115**	**116.743**	**81**	**82.177**	**395.728**	**705.220**

Depreciation charges, highlighted in the apposite table, were calculated on the basis of depreciation rates considered to be representative of the expected useful life of the related tangible fixed assets. The depreciation rates applied are as follows:

HOMOGENEOUS CATEGORIES OF FIXED ASSETS	Depreciation rates %
LAND AND BUILDINGS	
Industrial buildings	3,00 / 5,50
Quarries, land and terminal locations	4,00 / 8,00
Light constructions	4,00 / 10,00
PLANT AND MACHINERY	
Generic and specific plant	6,67 / 20,00
Ovens and their appurtenances	15,50
Water treatment plant	5,50 / 12,50
Wells	6,00
Operator machinery and specific plants	10,00 / 20,00
Internal and special plants	20,00 / 25,00
Audio-visual and alarm equipment	30,00
Telephone and telegraphic equipment	20,00
INDUSTRIAL AND COMMERCIAL EQUIPMENT	
Sundry and minor equipment	10,00 / 40,00
OTHER ASSETS	
Motor vehicles and internal transport means	20,00 / 30,00
Cars and aircrafts	14,00 / 25,00
Furniture and office machinery	10,00 / 12,00
Fixtures and fittings	10,00
Electronic office machinery	18,00 / 20,00

Certain premises and machinery are mortgaged or are covered by liens in favour of financial institutions.

FINANCIAL FIXED ASSETS

INVESTMENTS

Investments are made up as follows:

	2007	2006
Measured through net equity method	24.680	18.306
- Subsidiaries	7.896	1.170
- Affiliates	16.784	17.136
Measured at cost	52.514	53.532
TOTAL	***77.194***	***71.838***

Investments carried at cost are listed below:

	REGISTERED OFFICE	SHARE CAPITAL	% HELD BY PARENT COMPANY	CONSOLIDATED VALUE	% HELD BY GROUP
Other					
UniCredit S.p.A.	Via Minghetti, 17 - Roma (RM)	6.683.084	0,22	50.345	0,22
Altre				2.169	
TOTAL				***52.514***	

Investments carried at equity are listed below:

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	% HELD BY PARENT COMPANY	% HELD BY SUBSIDIARIES						CONSOLIDATED VALUE	% HELD BY GROUP
				Colabeton S.p.A.	Colacem S.p.A.	Beton Granulati S.p.A.	Colacem Canda Inc.	Inba S.p.A.	Other		
Subsidiaries excluded from consolidation for different activity or irrelevance											
Radio Gubbio S.p.A.	Via del Molino, 23 Gubbio [PG]	1.388	51,19	-	-	-	-	-	33,05	412	84,14
Skydomus S.p.A.	Via della Vittorina, 60 Gubbio [PG]	875	100,00	-	-	-	-	-	-	827	100,00
Finanza Editoriale S.r.l.	Via della Vittorina, 60 Gubbio [PG]	115	75,00	-	-	-	-	-	-	503	75,00
Gualdo TV 23 S.r.l.	Via della Vittorina, 60 Gubbio [PG]	153	100,00	-	-	-	-	-	-	591	100,00
Colainertis S.r.l.	Via delle Bettole, 47 Brescia [BS]	10	-	100,00	-	-	-	-	-	1.130	100,00
Canada Inc. 2134781	1000, roue Gauchetière Ouest Montréal [Québec]	1	-	-	-	-	100,00	-	-	3.669	57,00
Trading Puglia S.p.A.	Contrade Murrone Soleto [LE]	1.000	-	-	-	-	-	80,00	-	764	44,00
Total										**7.896**	
Cofi S.r.l.	Via della Vittorina, 60 Gubbio [PG]	70	100,00	-	-	-	-	-	-	(231)	100,00
Colafin International S.A.	Rue de l'Eau, 18 Lussemburgo	31	-	-	100,00	-	-	-	-	(42)	100,00

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	% HELD BY PARENT COMPANY	% HELD BY SUBSIDIARIES						CONSOLIDATED VALUE	% HELD BY GROUP
				Colabeton S.p.A.	Colacem S.p.A.	Beton Granulati S.p.A.	Colacem Canda Inc.	Inba S.p.A.	Other		
Affiliates											
Poggiovalle S.r.l.	Via della Vittorina, 60 Gubbio [PG]	720	40,00	-	-	-	-	-	-	8.383	40,00
Lima S.r.l.	Via Pietro Tacca, 12/14 Firenze [FI]	10	-	50,00	-	-	-	-	-	-	50,00
Inerti Galeria S.r.l.	Via della Vittorina, 60 Gubbio [PG]	10	-	50,00	-	-	-	-	-	93	50,00
Luciani S.p.A.	Fraz. Valdottavo, Borgo a Mozzano [LU]	516	-	50,00	-	-	-	-	-	2.516	50,00
Edilcalce Viola Olindo & Figli S.p.A.	Fraz. S. Eraclio Foligno [PG]	1.680	-	24,00	-	-	-	-	-	651	24,00
Calcestruzzi Coriano S.r.l.	Via Rovereta Coriano [RN]	11	-	50,00	-	-	-	-	-	805	50,00
Co.Riobeton S.r.l.	Via Macchioni Spilamberto [MO]	10	-	50,00	-	-	-	-	-	262	50,00
Cava di Cusago S.r.l.	Via Cascina del Bosco, 2 Cusago [MI]	10	-	50,00	-	-	-	-	-	403	50,00
Calcestruzzi Lario 80 S.p.A.	Via Stazione, 6/L Cucciago [MI]	260	-	50,00	-	-	-	-	-	1.826	50,00
Gre.Col. S.r.l.	Via Marconi, 1 Solignano [PR]	20	-	50,00	-	-	-	-	-	19	50,00
Monte Verde Calcestruzzi S.r.l.	Via della Cava Colturano [MI]	82	-	34,00	-	-	-		-	187	34,00
Consorzio S. Paolo S.c.a.r.l.	Via Dante Alighieri, 3 Calenzano [FI]	50	-	30,00	-	-	-	-	-	119	30,00
Movit S.r.l.	Contrada Murrone Soleto [LE]	100	-	-	50,00	-	-	-	-	271	50,00
L.I.S.E.C. S.r.l.	Via Santorre di Santarosa, 2/5 Savona [SV]	26	-	-	34,00	-	-	-	-	10	34,00
Grassi S.r.l.	Viale Vittorio Veneto, 13 Prato [PO]	1.291	-	-	20,00	-	-	-	-	1.132	20,00
Cave Carlone S.r.l.	Via Massorondinaio, 12/A S. Piero a Sieve [FI]	100	-	-	-	50,00	-	-	-	104	47,88
Bervan S.r.l.	Viale Parini, 3 Riccione [RN]	15	-	-	-	50,00	-	-	-	3	47,88
Total										**16.784**	
Gruppo Editoriale Umbria 1819 S.r.l.	Via Monteneri, 39 Perugia [PG]	50	38,31	-	-	-	-	-	-	(78)	38,31
TOTAL										**24.680**	

The total value of investments carried at equity increased by 6,347 thousand euros compared to the previous FY, mainly due to the new investments acquired in the subsidiaries Gualdo TV 23 S.r.l. and Colacem Canada Inc. 2134701, to the subsidiary Trading Puglia S.p.A. that was consolidated at equity for the first time in this FY, and to the acquisition of 100% of Colainertis S.r.l. share capital, already a subsidiary at 50%, subsequently reclassifying the item from related parties to subsidiaries.

RECEIVABLES

The item in question includes short, medium and long-term receivables which, at the year end, were as detailed below:

	2007				2006
	EXPIRIES IN YEARS			TOTAL	TOTAL
	WITHIN 1	1 TO 5	OVER 5		
Non-consolidated subsidiaries	481	978	-	1.459	1.839
Affiliates	683	1.774	4.702	7.159	5.983
Other receivables	4.681	15.135	-	19.816	17.941
TOTAL	**5.845**	**17.887**	**4.702**	**28.434**	**25.763**

Receivables from non-consolidated subsidiaries mainly relate to interest-bearing loans granted at arms' length by Financo S.r.l. to its subsidiaries Cofi S.r.l., Skydomus S.r.l. and Radio Gubbio S.p.A., and to an interest-free loan granted by Colabeton S.p.A. to its subsidiary Colainertis S.r.l..
Receivables from affiliates is mainly related to:

- an interest-bearing loan granted at arms' length by Financo S.r.l. to Poggiovalle S.r.l.,
- interest-free loans granted by Colabeton S.p.A. to Monteverde Calcestruzzi S.r.l. and Calcestruzzi Coriano S.r.l.,
- the interest-bearing loan granted at arms' length by Colabeton S.p.A. to Cava di Cusago S.r.l..

Adjustments were made to medium and long-term loans.
The item Other receivables is mainly made up of deposits paid of 2,002 thousand euros, IRPEF tax paid in advance in respect of Severance Indemnity of 123 thousand euros, and interest-bearing financial receivables of 17,691 thousand euros, at arms' length, mainly represented by the loan granted by Colacem S.p.A. to the real estate subsidiary Immobiliare Leda S.r.l. of 5,400 thousand euros and extraordinary loans of 11,371 thousand euros granted by Financo s.r.l. to related parties.

WORKING CAPITAL

INVENTORIES

This item may be broken down as follows:

	2007	2006
Raw and ancillary materials and consumables	72.923	62.207
Work in progress	7	15
Semi-finished products	19.471	17.620
Finished products and goods	12.756	11.502
Advances	5.551	4.330
TOTAL	**110.708**	**95.674**

The increase in Raw and ancillary materials and consumables refers to the greater inventories of 5,535 thousand euros contributed by Colacem S.p.A., inventories for 3,429 thousand euros contributed by Colacem Canada Inc., consolidated for the first time on a line-by-line basis in this FY, and to the grater inventories of 2,034 thousand euros contributed by Domicem S.A. and partly offset by the reduction in the inventories of Colabeton S.p.A. for 395 thousand euros.
The increase in Semi-finished goods mainly relates to inventories by Colacem Canada Inc. for 1,057 thousand euros and greater inventories by CAT S.A. for 347 thousand euros.
The increase in Finished products and goods is mainly attributable to inventories of finished products contributed by Colacem Canada Inc.
The increase in Advances is attributable to higher advances paid by Colabeton S.p.A. for current year supplies compared to lower advances paid by the other Group companies.
The valuation of year end inventories using LIFO did not give rise to significant differences compared to a valuation at current costs.

RECEIVABLES

TRADE RECEIVABLES

At year end, this item, which mainly includes receivables for sales of cement and ready mixed concrete, was made up as follows:

	2007	2006
Receivables due within subsequent FY	257.434	265.456
Provision for bad debts	(9.559)	(9.581)
TOTAL	**247.875**	**255.875**

Trade receivables are comprised of receivables arising from normal sale transactions and mainly relate to domestic customers. The item under review is shown net of a provision for bad and doubtful debts of 9,559 thousand euros which was set up in order to state trade receivables at their net realisable value.
The decrease is mainly referable to the lower receivables of Colabeton S.p.A. for 8,459 thousand euros and of Cementos Colacem Espana S.L.U. for 1,714 thousand euros, offset by the receivables contributed by Colacem Canada Inc. for 1,399 thousand euros.

SUBSIDIARIES AND AFFILIATES

This item comprises receivables other than fixed assets due by Group companies that are not consolidated on a line-by-line basis and at year end is made up as follows:

	2007	2006
Non-consolidated subsidiaries	7	11
Affiliates	10.382	9.834
TOTAL	**10.389**	**9.845**

The above receivables, which do not include amounts due after more than one year, mainly relate to sales of finished products made by Group companies to some subsidiaries that are not consolidated on a line-by-line basis and affiliates such as Grassi S.r.l., Co.Riobeton S.r.l., Luciani S.p.A., Monteverde Calcestruzzi S.p.A., Edilcalce Viola Olindo & Figli S.p.A., and Consorzio San Paolo S.c.a.r.l..

TAX CREDITS

This item refers to the credit the Group has vis-à-vis the Inland Revenue for income taxes.

PREPAID TAXES

This item is entirely represented by deferred tax assets relating to costs that are not deductible in the year they are recognised in the income statement but in following years, and by losses carried forward from a tax viewpoint. Details of the item under review are provided below:

	2007	2006
Real estate, plant and machinery	17.381	17.751
Losses to be carried forward	8.525	5.107
Goodwill	1.873	1.532
Provisions for liabilities and charges	662	1.641
Costs for Services	490	924
Unrealised exchange-rate losses	92	30
Employee benefits	82	106
Write-downs of financial assets	-	281
Total	**29.105**	**27.372**

The increase recorded during the FY is due to the combined effect of a) prepaid taxes recorded on the previous losses of Colacem Canada Inc. for 1,759 thousand euros and Domicem S.A. for 2,023 thousand euros, and b) the decrease due to the adjustment of said item as a consequence of the new tax rates that will be applied as from FY 2008.

OTHER RECEIVABLES

This item is broken down as follows:

	2007	2006
Receivables from employees	267	226
Receivables from social security institutions	1.325	196
Non-commercial receivables from clients	394	206
Other	2.964	8.825
TOTAL	**4.950**	**9.453**

The amount Other is mainly related to a receivable of 602 thousand euros being the contractual advance payment for the purchase of new concrete plants by Colabeton S.p.A. and a receivable of 426 thousand euros for the subsidy as per Law 488/1992 of Colacem S.p.A.. The decrease is mainly due to a) the collection of the last instalment of the subsidy the Treasury granted to Colacem S.p.A. for 1,507 thousand euros, pursuant to law 488/1992, and b) the 4,066 thousand euros repaid to Cementos de Levante S.A., merged into Cementos Colacem Espana S.L.U..
The aforesaid receivables, which include amounts due to the group after more than one year (1,257 thousand euros), are expected to be collected in full, hence no bad debt provision was made.

FINANCIAL ASSETS OTHER THAN FIXED ASSETS

OTHER SECURITIES

The value of securities held increased by 3,990 thousand euros compared to the previous FY, mainly due to short-term certificates of deposit purchased by Domicem S.A..

CASH AND CASH EQUIVALENTS

The item, equal to 35,218 thousand euros, includes interest accrued up to 31 December 2007.

ACCRUALS, PREPAYMENTS AND DEFERRALS

At year end this item is made up as follows:

	2007	2006
Accrued income	661	731
Deferred charges	3.325	3.693
TOTAL	**3.986**	**4.424**

Prepayments and accruals mainly refer to lease rentals and rent receivable.

STATEMENT OF CHANGES IN CONSOLIDATED INTANGIBLE FIXED ASSETS FOR THE YEAR ENDED ON 31 DECEMBER 2007

INTANGIBLE FIXED ASSETS

	Start-up and expansion costs	Industrial patent and intellectual property rights	Trademarks and licenses	Goodwill	Fixed assets in progress and advances	Other intangible fixed assets	Goodwill/ badwill on consolidation	Total
Initial position								
Original cost	1.505	6.603	7.196	57.996	4.679	22.455	48.172	148.606
Amortization	(1.347)	(6.011)	(2.221)	(35.079)	-	(16.369)	(24.957)	(85.984)
BALANCES AS AT 31.12.06	158	592	4.975	22.917	4.679	6.086	23.215	62.622
Changes in the consolidation area								
Original cost	3	12	-	5.754	-	-	-	5.769
Changes in financial year								
Acquisitions	12	417	467	63	3.706	724	361	5.750
Reclassifications	-	7.017	-	-	(7.418)	401	-	-
Amortization	(133)	(1.019)	(509)	(5.313)	-	(2.635)	(4.921)	(14.530)
Final position								
Original cost	1.520	14.049	7.663	63.813	967	23.580	48.533	160.125
Amortization	(1.480)	(7.030)	(2.730)	(40.392)	-	(19.004)	(29.878)	(100.514)
BALANCES AS AT 31.12.07	**40**	**7.019**	**4.933**	**23.421**	**967**	**4.576**	**18.655**	**59.611**

STATEMENT OF CHANGES IN CONSOLIDATED TANGIBLE FIXED ASSETS FOR THE YEAR ENDED ON 31 DECEMBER 2007

TANGIBLE FIXED ASSETS

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets in progress and advances	Total
Initial position						
Original cost	254.598	753.253	14.096	71.026	36.875	1.129.848
Write-ups	51.299	338.684	646	6.337	-	396.966
Depreciation provisions	(138.397)	(866.107)	(12.334)	(59.368)	-	(1.076.206)
Balances as at 31.12.06	167.500	225.830	2.408	17.995	36.875	450.608
Change in the consolidation area						
Original cost	3.687	39.585	-	138	47	43.457
Write-ups	-	-	-	-	-	-
Depreciation provisions	(2)	(24)	-	-	-	(26)
Changes in financial year						
Acquisitions	11.012	5.564	1.090	6.647	16.746	41.059
Effect of exchange rate on assets	(2.349)	(11.366)	(114)	(630)	(263)	(14.722)
Effect of exchange rate on dep. provision	379	3.155	148	636	-	4.318
Reclassifications provision [*]	4.291	22.757	-	127	(27.175)	-
[**] net divestments	(874)	(1.005)	(22)	(1.132)	-	(3.033)
Depreciation	(11.460)	(55.366)	(1.451)	(6.270)	-	(74.547)
Final position						
Original cost	271.050	805.796	15.029	71.689	26.230	1.189.794
Write-ups	50.314	338.619	646	6.149	-	395.728
Depreciation provisions	(149.180)	(915.285)	(13.616)	(60.327)	-	(1.138.408)
BALANCES AS AT 31.12.07	**172.184**	**229.130**	**2.059**	**17.511**	**26.230**	**447.114**
[*] of which						
Original cost	4.291	22.757	-	127	(27.175)	-
Write-ups	-	-	-	-	-	-
Depreciation provisions	-	-	-	-	-	-
Total	**4.291**	**22.757**	**-**	**127**	**(27.175)**	**-**
[**] of which						
Original cost	189	3.997	43	5.619	-	9.848
Write-ups	985	65	-	188	-	1.238
Depreciation provisions	(300)	(3.057)	(21)	(4.675)	-	(8.053)
Total	**874**	**1.005**	**22**	**1.132**	**-**	**3.033**

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL FIXED ASSETS FOR THE YEAR ENDED ON 31 DECEMBER 2007

FINANCIAL FIXED ASSETS

	SITUAZIONE INIZIALE	VARIAZIONI DELL'ESERCIZIO			VARIAZIONI DA VALUTAZIONE SECONDO IL METODO DEL PATRIMONIO NETTO		SITUAZIONE FINALE
	Saldi al 31/12/2006	Variazione area di consolidamento	Incrementi	(Decrementi)	Incrementi	(Decrementi)	Saldi al 31/12/2007
Shareholdings							
Subsidiaries	1.971	3.669	2.856	(857)	1.151	(894)	7.896
Affiliates	18.035	-	950	(1.419)	1.489	(1.292)	17.763
Other shareholdings	51.832	-	3	(300)	-	-	51.535
Total	71.838	3.669	3.809	(2.576)	2.640	(2.186)	77.194
Receivables							
Subsidiaries	1.839	-	435	(815)	-	-	1.459
Affiliates	5.983	-	1.176	-	-	-	7.159
Other receivables	17.941	4	1.914	(43)	-	-	19.816
Total	25.763	4	3.525	(858)	-	-	28.434
TOTAL	**97.601**	**3.673**	**7.334**	**(3.434)**	**2.640**	**(2.186)**	**105.628**

COMMENTS TO THE MAIN BALANCE SHEET LIABILITIES

SHAREHOLDERS' EQUITY

Details about changes in the main Net equity items are provided in an attachment. The main items making up Net equity and the related changes are commented below.

SHARE CAPITAL

The Share capital at 31 December 2007, fully subscribed and paid up, amounts to 6,000 thousand euros and is subdivided in quotas in accordance with the law.

REVALUATION RESERVES

At 31 December 2007 Revaluation Reserves amounted to 136,733 thousand euros, and comprised the credit balances of the Monetary Revaluation Reserve pursuant to the application of the following laws:

	2007	2006
Revaluation reserve Law no. 576/1975	196	196
Revaluation reserve Law no. 72/1983	1.177	1.163
Revaluation reserve Law no. 413/1991	3.085	3.085
Revaluation reserve Law no. 342/2000	95.507	95.500
Revaluation reserve Law no. 266/2005	36.768	36.762
TOTAL	**136.733**	**136.706**

The increase in reserves, 27 thousand euros, is due to the purchase from third parties of a further share in the subsidiary Beton Granulati S.p.A. consolidated on a line-by-line basis in these financial statements.
These Reserves are subject to tax on distribution. No tax provision was set up as the group does not expect to carry out transactions which might give rise to tax charges.

OTHER RESERVES

These reserves are made up as follows:

	2007	2006
Extraordinary reserve	124.749	123.246
Available reserve	91.437	91.227
Consolidation reserve	10.585	10.585
Capital gains on transfers	20.728	20.728
Reserve for capital grants as per art. 55 of Unified Law	21.466	21.466
Other net equity reserves	36.365	37.187
TOTAL	**305.330**	**304.439**

The increase in the Extraordinary reserve is attributable to a share of 2006 profit.
The increase in Other net equity reserves is attributable to the combined effect of a) a share of 2006 profit allocated to that reserve, b) dividends distributed to shareholders and c) the negative effect determined by the Conversion Reserve.

NET PROFIT FOR THE YEAR

Net profit for the year amounts to 53,988 thousand euros and represents the result for the period.

MINORITY INTEREST'S SHARE CAPITAL AND RESERVES

The changes in this balance sheet item are provided in an attachment

PROVISIONS FOR RISKS AND CHARGES

	2007	2006
Provision for retirement and benefits	20	420
Provision for taxes (including deffered taxes)	16.867	17.956
Other provisions	2.732	5.232
TOTAL	**19.619**	**23.608**

The item Provision for retirement benefits relates to the increase in the agents' termination entitlement provision made by the subsidiary Colacem S.p.A. for unexpired agency contracts.

The Provision for taxes is entirely represented by cost items that are deducted for tax purposes before they are recognised in the income statement or income items that have been already recognised in the income statement but will become taxable in future tax years. Details of the item under review are provided below:

	2007	2006
Accelerated depreciation	15.291	16.612
Capital gain on dismissals	675	669
Tax risk provision	533	373
Provision for bad debts	368	302
TOTAL	**16.867**	**17.956**

The decrease compared to the previous FY is due to the combined effect of a) the allocations to the provision made by Colacem Canada Inc. for 1,639 thousand euros and Domicem S.A. for 620 thousand euros, and b) the decrease due to the adjustment of the item based upon the new tax rates that will be applied as from FY 2008.

The item Other mainly relates to:
- the provision made by the subsidiary Colabeton S.p.A. for the dispute under way with the Italian Antitrust Authority;
- the provision made by the subsidiary Colabeton S.p.A. to cover the costs that the company is expected to incur to reinstate the quarry in the Municipality of Acuto for nature conservation after use;
- the provision made by Cementos Colacem Espana S.L.U. for the charges the company will incur to dismantle the structures installed at the ports in Alicante and Cartagena further to the expiry of the licences to use the related surfaces in 2008.

Given the small number of pending legal disputes with the Inland Revenue, no significant additional tax liabilities are expected to arise.

PROVISION FOR EMPLOYEE SEVERANCE PAY

The changes in the provision for the year were as follows:

	2007	2006
Initial balance	29.787	27.231
Variazione area di consolidamento	-	629
Accantonamento dell'esercizio	5.542	5.174
Utilizzi/Pagamenti	(6.578)	(3.247)
FINAL BALANCE	**28.751**	**29.787**

The Provision increased as a result of accruals of employee severance pay due to personnel pursuant to legal regulations and decreases when payments are made to employees (i) upon leaving the company, (ii) as advances granted for health expenses or the purchase of the first home and, from July 2007 onwards, in the case of companys registered in Italy, in accordance with the supplementary retirement plans reform (Legislative Decree no. 252/2005), (iii) for amounts paid into the Category Funds and the Treasury Fund managed by INPS.

ACCOUNTS PAYABLE

The composition and changes for the year of the items making up this balance sheet liability are commented below:

PAYABLES TO BANKS

Amounts due to banks are as follows:

	2007				2006
	EXPIRIES IN YEARS			TOTAL	TOTAL
	WITHIN 1	1 TO 5	OVER 5		
MCC - Mediocredito Centrale	20.341	34.930	-	55.271	75.683
UniCredit Banca di Roma	11.000	25.000	-	36.000	26.815
IFC	6.783	19.077	2.120	27.980	38.718
UniCredit Corporate Banking	3.925	13.936	2.379	20.240	24.245
Pool BIAT, Attijari Bank, Amen Bank	1.626	13.361	1.716	16.703	17.514
MCC - Mediocredito Centrale e San Paolo I.M.I.	4.000	12.000	-	16.000	20.000
Banca Toscana	2.000	6.800	4.200	13.000	8.000
Banca Monte dei Paschi di Siena	2.267	9.733	-	12.000	12.000
Cassa di Risparmio di Firenze	6.500	3.500	-	10.000	5.000
MCC - Mediocredito Centrale e UniCredit Banca di Roma	-	1.709	5.291	7.000	-
Banca Popolare dell'Etruria e del Lazio	-	2.800	4.200	7.000	-
Cassa di Risparmio di Fabriano e Cupramontana	-	2.800	4.200	7.000	-
Attijari Bank	1.316	3.644	-	4.960	6.953
Centrobanca S.p.A.	714	2.858	-	3.572	4.286
Conti correnti passivi	3.048	-	-	3.048	8.168
Cassa di Risparmio di Spoleto	1.015	1.582	-	2.597	3.580
Banca Nazionale del Lavoro	305	1.527	763	2.595	3.063
Mediocredito dell'Umbria	1.261	968	-	2.229	2.920
Ministero dello Sviluppo Economico	336	1.433	-	1.769	2.098
BTKD	445	1.113	-	1.558	2.102
STUSID	1.114	-	-	1.114	2.919
BNA	123	415	-	538	634
Intesa Mediocredito	167	250	-	417	-
BTEI	-	-	-	-	2.335
UBCI	-	-	-	-	1.751
Caja de Ahorros del Mediterraneo	-	-	-	-	539
Banco Pastor	-	-	-	-	31
TOTALE	**68.286**	**159.436**	**24.869**	**252.591**	**269.354**

Loans granted by MCC – Mediocredito Centrale S.p.A. relate to the subsidiaries Colacem S.p.A. and Santa Monica S.p.A.. More specifically, Colacem S.p.A.'s payable relates to two lines of credit of 38,347 and 11,620 thousand euros, to be due respectively on 20 October 2010 and 20 October 2009, converted at the average rate of 6.124% through "Interest Rate Swap" transactions. The loan of 38,347 thousand euros is not secured by guarantees, whilst the loan of 11,620 thousand euros is secured by guarantee issued by the Parent company Financo S.r.l.. As regards the outstanding amount (3,919 thousand euros) on a loan granted in previous years, secured by guarantees issued by the Parent company Financo S.r.l. and repayable by 30 June 2010, an interest subsidy was granted pursuant to Article 4 of Law no. 100/90 by "Simest S.p.A. – Società Italiana per le Imprese all'Estero", which sets the rate at

2.107%. Conversely, Santa Monica S.p.A.'s payable is attributable to the financing of the remaining amount of 1,385 thousand euros, at a variable rate linked to 6-month Euribor to be due on 31 December 2012.
The loan Banca di Roma S.p.A. granted to the subsidiary Colacem S.p.A. – the residual amount is 25,000 thousand euros – will be due on 24 January 2011. In 200t, the same credit institution granted Colacem S.p.A. another loan of the residual amount of 11,000 thousand euros – average rate 4.968% - to be repaid within FY 2008.
The loans granted by IFC refer to Domicem S.A. and, in particular, to two loans, "A" and "B" of 27,750 thousand US$ each. Loan "A" is repayable by December 2013 in 15 six-monthly instalments starting from 15 December 2006 with two years of pre-amortisation at a rate equal to the LIBOR increased by the Spread the for 2007 is 4.83%+1.5%. The loan is secured by guarantees granted by Financo S.r.l., Colacem S.p.A. and by local partners.
Loan "B" is repayable by December 2010 in 9 six-monthly instalments with two years of pre-amortisation at a rate equal to the LIBOR increased by the Spread which for 2006 is 4.83%+1.5%. The loan is secured by guarantees granted by Financo S.r.l., Colacem S.p.A. and by local partners.
The loans granted by UniCredit Corporate Banking S.p.A. include a loan of 7,488 thousand euros to Colacem S.p.A.; these loans are repayable by 31 December 2012 at the average annual rate of 2.376% and one of them, whose outstanding amount is 5,873 thousand euros, is secured by a guarantee issued by the Parent company Financo S.r.l..
In 2003 the subsidiary Colabeton S.p.A. negotiated with the same bank a "collar" loan of a residual amount of 4,542 thousand euros, repayable in six-monthly instalments by the end of December 2011. In 2006 a loan of a residual amount of 4,059 thousand euros was negotiated, to be repaid in six years by 30 June 2012; an "Interest Rate Swap" contract was negotiated thereon to hedge against the exposure to interest rate risk. In 2006, still with the same credit institution, Cementos Colacem Espana S.L.U. negotiated a loan of 4,150 thousand euros fore the residual amount, repayable in 8 years and expiring on 31 December 2014, at a variable rate linked to the 6-month Euribor; an "Interest Rate Swap" contract was negotiated thereon to hedge against the exposure to fluctuations in interest rates.
The pool loan granted by BIAT, Attijari Bank and Amen Bank relates to CAT S.A. and was granted in 2005. The loan is repayable by 20 April 2013 by six-monthly instalments starting from 20 April 2008 at an average rate of 7%.
In 2003 the subsidiary Colacem S.p.A. obtained a loan of the residual amount of 16,000 thousand euros from a pool of banks comprising MCC – Mediocredito Centrale S.p.A. and San Paolo IMI S.p.A.; the loan is secured by a guarantee issued by the Parent company Financo S.r.l. and is repayable by 26 November 2011; pursuant to Law no. 100/90 "Simest S.p.A. – Società Italiana per le Imprese all'Estero" granted an interest subsidy on the full amount of 17,883 thousand euros. The interest rate is set at 2.966%.
The loan of the residual 6,000 thousand euros obtained by the subsidiary Colacem S.p.A. from Banca Toscana S.p.A. in 2002 is repayable in six-monthly instalments by 31 December 2010; an interest subsidy was received for the loan by "Simest S.p.A. – Società Italiana per le Imprese all'Estero" pursuant to Article 4 of Law no. 100/90. The interest rate is set at 2.215%. Always with this bank, in 2007 Colacem S.p.A. negotiated a further loan of a residual amount of 7,000 thousand euros, to be repaid by 11 July 2015; an interest subsidy was received for the loan by "Simest S.p.A. – Società Italiana per le Imprese all'Estero" pursuant to Article 4 of Law no. 100/90. The interest rate is set at 2.627%.
The loan granted by Monte dei Paschi di Siena S.p.A. refers to the subsidiary Colacem S.p.A. and shall be repaid by 31 December 2012; pursuant to Article 4 of Law 100/90 "Simest S.p.A. – Società Italiana per le Imprese all'Estero" granted an interest subsidy on the full amount of 11,465 thousand euros. The interest is set at 2.806%.
The loan Cassa di Risparmio di Firenze S.p.A. granted to Colabeton S.p.A., for 5,000 thousand euros, shall be repaid in 5 years. With the same bank, in 2007 Colabeton S.p.A. negotiated a short-term loan of 5,000 thousand euros to be repaid in a single instalment within the following FY.
The pool granted in 2007 by MCC – Mediocredito Centrale S.p.A. and UniCredit Banca di Roma S.p.A. to the subsidiary Santa Monica S.p.A. for 7,000 thousand euros, at an interest rate equal to a 6-month Euribor, may be repaid starting from 8 August 2009. An "Interest Rate Swap" contract was negotiated thereon to hedge against the exposure to fluctuations in interest rates.
The loan granted in 2007 by Cassa di Risparmio di Fabriano and Cupramontana S.p.A. to the subsidiary Colacem S.p.A., of a residual amount of 7,000 thousand euros, is repayable by 29 July 2012; pursuant to Article 4 of Law no. 100/90 "Simest S.p.A. – Società Italiana per le Imprese all'Estero" granted interest subsidies on the total amount of 3,467 thousand euros. The interest rate is set at 3.361%.
During 2007 Banca Popolare dell'Etruria e del Lazio S.p.A. granted a loan to the subsidiary Colacem S.p.A. at an average rate of 4.478%, a residual amount of 7,000 thousand euros to be due on 11 July 2015.
The loan Attijari Bank granted to the subsidiary CAT S.A. of a residual amount of 4,960 thousand euros, is repayable in seven years with two years of pre-amortisation at a 6.5% rate.
The loan granted in 2004 by Centrobanca S.p.A. to Colacem S.p.A., of the residual amount of 3,572 thousand euros, is secured by a comfort letter issued by the Parent company Financo S.r.l. and is repayable by 29 July 2012; pursuant to Article 4 of Law no. 100/90 "Simest S.p.A. – Società Italiana per le Imprese all'Estero" granted interest subsidies on the total amount of 2,494 thousand euros that set the interest rate at 3.391%.

Please note that the following were repaid in the year:
- The loan BTEI granted to the subsidiary CAT S.A. for a residual amount of 2,335 thousand euros;
- The loan STUSID granted to the subsidiary CAT S.A. for a residual amount of 1,751 thousand euros.

The enlarged scope of consolidation entailed no increase in amounts due to banks

TRADE PAYABLES

This item, equal to 124,958 thousand euros shows a decrease of 20,274 thousand euros compared to the previous financial year. This decrease was due to the reduction in debts of the companies as follows:
- 12.981 thousand euros by Colacem S.p.A.;
- 6.403 thousand euros by Colabeton S.p.A.;
- 2.946 thousand euros by CAT S.A.;
- 702 thousand euros by Beton Granulati S.p.A.;
- 622 thousand euros by Calcestruzzi Gubbio S.p.A..

These decreases were partly offset by the increase in payables referred to Domicem S.A. for 2,107 thousand euros and to Santa Monica S.p.A. for 1,570 thousand euros.

PAYABLES TO SUBSIDIARIES AND AFFILIATES

Payables to subsidiaries and affiliates may be analysed as follows:

	2007	2006
Payables to subsidiaries		
Financial		
Skydomus S.r.l.	-	6
Other		
Radio Gubbio S.p.A.	77	192
Cofi S.r.l.	42	4
Finanza Editoriale S.r.l.	-	5
Total	119	201
TOTAL	**119**	**207**

Payables to subsidiaries are represented by trade payables due to goods transferred and services rendered and payables of a different nature.

The decrease in financial payables to Skydomus S.r.l. is due to the repayment of the loan granted in previous FYs by the parent company Financo S.r.l..

	2007	2006
Payables to affiliates		
Trade		
Calcestruzzi Coriano S.r.l.	14	5
Cava Carlone S.r.l.	175	183
Edilcalce Viola Olindo & Figli S.p.A.	619	570
Luciani S.p.A.	-	30
Lisec S.r.l.	41	5
Cava di Cusago S.r.l.	444	382
Poggiovalle S.r.l.	113	79
Other	109	63
TOTAL	**1.515**	**1.317**

TAX LIABILITIES

This item is broken down as follows:

	2007	2006
Tax liabilities		
Income taxes for the year	2.280	24.603
Payables for withholding taxes	5.928	3.264
Other	-	2.158
TOTAL	**8.208**	**30.025**

The decrease in Income taxes is due to the decrease in IRAP, IRES and other income taxes generated by foreign subsidiaries, and pertaining to the FY.
Worthy of notice are 248 thousand euros of payables after more than one year which are mostly attributable to rolled over taxes relating to the 1997 earthquake which had hit Colacem S.p.A.'s plants located in south-east Sicily.

PAYABLES TO SOCIAL SECURITY AUTHORITIES

This item, amounting to 5,409 thousand euros relates to amounts payable at the year end to these institutions for charges due by Group companies and employees in respect of December wages and salaries.

OTHER PAYABLES

This item is broken down as follows:

	2007	2006
Payables to employees for wages and salaries	9.928	8.544
Other	33.608	15.112
TOTAL	**43.536**	**23.656**

The increase in Other is due to the payable contributed by Colacem Canada Inc. for 24,389 thousand euros related to the residual payable to be repaid by the end of January 2008 for the acquisition of a business unit by Ciment Cemco Inc..

PAYABLES DUE AFTER MORE THAN ONE YEAR – DUE DATES

The analysis of payables due after more than one year by due date is as follows:

	EXPIRIES IN YEARS		
	1 TO 5	OVER 5	TOTAL
Payables to banks	159.436	24.869	184.305
Other lenders	2.021	-	2.021
Tax liabilities	248	-	248
Payables to social security authorities	358	-	358
Other payables	4.522	-	4.522
TOTAL	**166.585**	**24.869**	**191.454**

BREAKDOWN OF FINANCIAL PAYABLES BY INTEREST RATE BANDS

The analysis of financial payables by interest rate bands is broken down as follows:

	2007	2006
interest rate classes		
up to 4%	63.133	102.519
4.01 to 8%	189.458	165.020
8.1 to 11%	-	1.815
TOTAL	**252.591**	**269.354**

ACCRUALS, PREPAYMENTS AND DEFERRALS

At 31 December 2007 this item was made up as follows:

	2007	2006
Accrued expenses	6.418	4.767
Deferred income	7.200	9.972
TOTAL	**13.618**	**14.739**

Accruals are mainly attributable to loan interest payable and personnel costs.
The item Deferred income mainly refers to the recording of capital grants included in Colacem S.p.A.’s financial statements in line with the indications set forth in the “Valuation criteria” section of these Notes.

MEMORANDUM ACCOUNTS

PERSONAL GUARANTEES GRANTED

This items includes personal guarantees given for payables and third parties' obligations.

SURETIES

SUBSIDIARIES

The sureties shown in the table included at the bottom of these financial statements were signed by the Parent company Financo S.r.l. in favour of the company Finanza Editoriale S.r.l..

AFFILIATES

The sureties shown in the table included at the bottom of these financial statements were signed by the Parent company Financo S.r.l. in favour of the company Gruppo Editoriale Umbria 1819 S.r.l..

COMMITMENTS

FINANCE LEASE INSTALMENTS DUE TO EXPIRE

Commitments for finance lease rentals due to expire amount in total to 6,975 thousand euros and mainly represent the total value of rentals due to lessors, including the "bargain purchase price" envisaged by the lease agreements and excluding any rentals already paid. The accounting treatment adopted for these assets complies with the provisions of the Italian Civil code and requires that the lease rentals paid be recognised in the income statement. If the lease rentals had been accounted for using the financial method the interest matured on the financed capital and the depreciation charges on the leased assets would have been recognised in the Consolidated income statement whereas the assets and the outstanding lease rentals would have been included in the balance sheet respectively under assets and liabilities. By accounting for the lease rentals using the financial method there would have been no major effects on the profit and the Consolidated net Equity.

THIRD PARTY BAILED ASSETS

This item shows a zero ending balance recording a decrease compared to the previous FY, since the assets were bailed free of charge by the company Porto Levante Eastern S.c.a.r.l., now excluded from the Group's scope of consolidation.

FINANCIAL RISK HEDGING INSTRUMENTS

At 31 December 2007, the subsidiaries Colacem S.p.A., Colabeton S.p.A., Domicem S.A., Cementos Colacem Espana S.L.U. and Santa Monica S.p.A. had “Interest Rate Swap” and “Interest Rate Collar” contracts in place to hedge against the risk of fluctuation in interest rates in respect of some loans taken out by the companies. In accordance with the provisions of art. 2427-bis of the Civil Code and the OIC document no. 3 we provide the following information on the aforesaid contracts

Company:	**Colacem S.p.A.**
Type of derivative contract:	Interest Rate Collar
Aim:	Coverage
Notional value:	12.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	45.009
Hedged liability:	Monte dei Paschi di Siena Loan no. 3136649.57
Notional value at reference date:	12.000.000
Book value of hedged liabilities at 31.12.2006:	12.000.000

Company:	**Colacem S.p.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	41.316.552
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	(155.867)
Hedged liability:	MCC Loan Line B - 102290
Notional value at reference date:	10.329.138
Book value of hedged liabilities at 31.12.2006:	11.620.279

Company:	**Colacem S.p.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	90.896.414
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	(759.076)
Hedged liability:	MCC Loan Line A - 102289
Notional value at reference date:	34.086.155
Book value of hedged liabilities at 31.12.2006:	38.346.924

Company:	**Colacem S.p.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	68.172.311
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	9.341
Hedged liability:	MCC Loan Line A - 102289
Notional value at reference date:	34.086.155
Book value of hedged liabilities at 31.12.2006:	38.346.924

Company:	**Colacem S.p.A.**
Type of derivative contract:	Zero Cost Collar in Arrears
Aim:	Coverage
Notional value:	20.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	170.096
Hedged liability:	MCC - San Paolo IMI Loan no. 109725
Notional value at reference date:	16.000.000
Book value of hedged liabilities at 31.12.2006:	16.000.000

Company:	**Colabeton S.p.A.**
Type of derivative contract:	Interest Rate Collar
Aim:	Coverage
Notional value:	5.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	39.501
Hedged liability:	UniCredit Corporate Banking S.p.A. Loan no. 0542849
Notional value at reference date:	4.058.651
Book value of hedged liabilities at 31.12.2006:	4.058.651

Company:	**Colabeton S.p.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	5.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	82.980
Hedged liability:	UniCredit Corporate Banking S.p.A. Loan no. 4039990
Notional value at reference date:	4.542.845
Book value of hedged liabilities at 31.12.2006:	4.542.845

Company:	**Domicem S.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	10.189.525
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	76.148
Hedged liability:	IFC "A" - Loan
Notional value at reference date:	8.151.620
Book value of hedged liabilities at 31.12.2006:	15.262.492

Company:	**Domicem S.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	6.113.715
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	45.689
Hedged liability:	IFC "A" - Loan
Notional value at reference date:	4.890.972
Book value of hedged liabilities at 31.12.2006:	15.262.492

Company:	**Domicem S.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	10.189.525
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	43.709
Hedged liability:	IFC "B" - Loan
Notional value at reference date:	6.790.300
Book value of hedged liabilities at 31.12.2006:	12.717.368

Company:	**Domicem S.A.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	6.113.715
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	10.686
Hedged liability:	IFC "B" - Loan
Notional value at reference date:	4.075.810
Book value of hedged liabilities at 31.12.2006:	12.717.368

Company:	**Cementos Colacem Espana S.L.**
Type of derivative contract:	Interest rate swap
Aim:	Coverage
Notional value:	5.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	85.230
Hedged liability:	UniCredit Corporate Banking S.p.A. Loan no. 4044629
Notional value at reference date:	4.469.854
Book value of hedged liabilities at 31.12.2006:	4.724.307

Company:	**Santa Monica S.p.A.**
Type of derivative contract:	Interest rate collar
Aim:	Coverage
Notional value:	2.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	13.034
Hedged liability:	MCC - Mediocredito Centrale S.p.A. Loan
Notional value at reference date:	2.000.000
Book value of hedged liabilities at 31.12.2006:	7.000.000

Company:	**Santa Monica S.p.A.**
Type of derivative contract:	Interest rate collar
Aim:	Coverage
Notional value:	4.000.000
Underlying financial risk:	Exchange-rate variation risk
Fair value of derivative ("Mark to Market") as at 31.12.2006:	(52.912)
Hedged liability:	MCC - Mediocredito Centrale S.p.A. Loan
Notional value at reference date:	4.000.000
Book value of hedged liabilities at 31.12.2006:	7.000.000

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

REVENUE FROM SALES AND SERVICES

Revenue from sales and services may be analysed as follows:

	2007	2006
Cement and hydraulic binders	560.383	515.798
Cement and inerts	286.183	295.969
Other	19.625	15.752
TOTAL	**866.191**	**827.519**

Revenue is mainly represented by domestic sales, a 23.73% share of the consolidated revenue being sales to foreign countries.

CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

This item, 2,853 thousand euros, show san increase mainly due to the inventories in semi-finished goods contributed by Colacem Canada Inc..

INCREASE IN CAPITALIZATION OF INTERNAL CONSTRUCTION COSTS

In 2007 costs relating to materials and labour for a total of 1,320 thousand euros were capitalised under this income statement item.

SUNDRY INCOME AND REVENUES

This item is made up as follows:

	2007	2006
Contributions to operating expenses	51	281
Sundry income and revenues		
Gains on disposal of assets	1.360	1.950
Rentals receivable	361	245
Other	6.980	7.373
Total	8.701	9.568
TOTAL	**8.752**	**9.849**

Gains on disposal of fixed assets mainly relate to the ordinary sale of some equipment and the regular renewal of the truck fleet of those companies that operate in the concrete and transport sector.
The item Other, amounting to 6,980 thousand euros, is mostly represented by plant subsidies granted pursuant to Law no. 488/1992 (2,683 thousand euros), ordinary capital gains (2,223 thousand euros) and sundry income (1,951 thousand euros).

COSTS OF PRODUCTION

PURCHASES

Purchase costs are broken down as follows:

	2007	2006
Raw materials	130.895	132.574
Ancillary materials and consumables	40.158	42.661
Goods for marketing	13.533	28.961
Maintenance materials	17.632	16.173
Energy products	77.277	63.210
TOTAL	**279.495**	**283.579**

The enlargement of the scope of consolidation led to an increase in this item by only 3,391 thousand euros, contributed exclusively by Colacem Canada Inc..
The overall decrease in the item is due to the decrease in the costs of Cementos Colacem Espana S.L.U. for 15,200 thousand euros, CAT S.A. for 8,638 thousand euros, mainly due to some types of expenses reclassified under Costs for services, Colabeton S.p.A. for 2,217 thousand euros and Santa Monica S.p.A. for 1,640 thousand euros. These decreases were offset by the increases in costs generated by Colacem S.p.A. for 20,879 thousand euros and Domicem S.A. for 3,133 thousand euros.

SERVICES

Service costs may be broken down as follows:

	2007	2006
Services for production	151.168	129.496
Services for sales	123.586	113.252
General administrative services	707	671
Remuneration of corporate bodies		
Remuneration of directors	2.643	2.645
Remuneration of auditors	357	329
Total	3.000	2.974
Other	19.510	14.930
TOTAL	**297.971**	**261.323**

The increase in the items Services for production and Services for Sales relates mainly to the increase in the costs incurred by Group companies for energy, maintenance of production plants and transport of finished products following the increase in sales volumes achieved.
The item Other mainly relates to insurance premiums, EDP costs and external consulting services.
The enlarged scope of consolidation entailed total costs of 1,423 thousand euros, 1,392 thousand of which attributable to Colacem Canada Inc., 17 thousand of which attributable to Colacem Albania Sh.p.k. and 14 thousand of which attributable to Albacem S.p.A..
The overall 36,648 thousand euro increase is mainly due to the increase in the costs related to CAT S.A. for 13,010 thousand euros, also due to the reclassification mentioned in the statement related to the breakdown of Costs for purchases, to Domicem S.A. for 9,644 thousand euros, to Santa Monica S.p.A. for 5,387 thousand euros, to Colacem S.p.A. for 4,455 thousand euros, and to Cementos Colacem Espana S.L.U. for 2,910 thousand euros.

LEASE AND RENTAL COSTS

This item may be broken down as follows:

	2007	2006
Rentals	6.230	6.184
Capital lease	4.177	4.313
TOTAL	**10.407**	**10.497**

Rentals mainly relate to the use of production plants by Group companies, whilst lease rentals mainly relate to the use of motor vehicles.
The enlarged scope of consolidation entailed total costs of 1,423 thousand euros, 1,392 thousand of which attributable to Colacem Canada Inc..

PERSONNEL COSTS

The analysis of this item is already provided in the Income Statement. The average number of employees, broken down by category, is as follows:

	2007	2006
Managers	53	47
Middle management	89	91
White-collar personnel	895	849
Blue-collar personnel	1.451	1.449
TOTAL	**2.488**	**2.436**

The enlarged scope of consolidation entailed an increase of 70 employees, 68 of which in Colacem Canada Inc. and 2 in Colacem Albania Sh.p.k..

DEPRECIATION AND WRITE-DOWNS

The analysis of this item is provided both in the Income Statement and in the statement of changes in Tangible and Intangible fixed assets.
The reduction in Depreciation of tangible fixed assets, amounting to 43,064 thousand euros, is attributable to lower depreciation charges by Colacem S.p.A. as a result of the effects of the Revaluation of Company's assets carried out in FY2005 pursuant to Law no. 266/2005.

SUNDRY OPERATING EXPENSES

This item is broken down as follows::

	2007	2006
Taxes other than income taxes	194	44
Sundry commercial costs	4.628	4.368
Advertising and entertainment	-	216
Capital losses on assets dismissed and contingent liabilities	2.642	3.653
Other	8.797	8.960
TOTAL	**16.261**	**17.241**

The item Other, amounting to 8,797 thousand euros mainly relates to non-deductible taxes and purchases of car fuel.

FINANCIAL INCOME AND (EXPENSES)

INVESTMENT INCOME

The amount included under Investment income – Other investment income of 5,959 thousand euros mainly relates to the dividend received from UniCredit S.p.A. of 5,692 thousand euros.

OTHER FINANCIAL INCOME

This item is broken down as follows::

	2007	2006
From receivables entered as fixed assets		
Interest on loans granted to subsidiaries	7	2
Interest on loans granted to affiliates	58	36
Other income	251	193
Total	316	231
From securities other than shareholdings entered as current receivables		
Securities entered as current assets	185	7
Sundry income		
Other income		
Interest receivable on bank accounts	1.389	773
Other	1.958	834
Total	3.347	1.607
TOTAL	**3.848**	**1.845**

INTEREST AND OTHER FINANCIAL INCOME

This item is broken down as follows:

	2007	2006
Interest payable on financial payables		
Subsidiaries	-	11
other Group's companies	89	74
Total	89	85
other interest and financial charges		
Interest payable on payables to banks	13.802	9.385
Interest payable on other payables	192	462
Other	1.061	5.410
Total	15.055	15.257
TOTAL	**15.144**	**15.342**

The item Other, 1,061 thousand euros, mainly refers to discounts and other financial charges, mainly contributed by Colacem S.p.A..

EXCHANGE GAINS AND LOSSES

This item shows a loss of 283 thousand euros, mainly due to the combined effect of a) exchange-rate losses for 1,220 thousand euros, mainly due to Colacem S.p.A., Domicem S.A. and Cementos Colacem Espana S.L.U. and b) exchange-rate profits for 937 thousand euros, 875 thousand of which related to Colacem S.p.A..
The valuation of unrealised exchange gains and losses at the year end was made using the exchange rate ruling at 31 December 2007 as per the official quotation by the Italian Foreign Exchange Office.

ADJUSTMENTS TO FINANCIAL ASSETS

REVALUATIONS

The item Revaluations of investments refers to the positive differences arisen upon carrying investments at equity.

WRITE-DOWNS

The item Write-downs mainly includes the negative differences arisen upon carrying investments at equity.

EXTRAORDINARY INCOME (EXPENSES)

INCOME

This item includes:

	2007	2006
Gains on disposal of assets	341	25
Other extraordinary income	5.273	3.071
TOTAL	**5.614**	**3.096**

The item Other extraordinary income is mainly attributable to:

- Colacem S.p.A. for 1,705 thousand euros, of which 1,086 thousand euros relate to the full reversal of the CO2 fund set up in 2006;
- Cementos Colacem Espana S.L.U. for 2,858 thousand euros relating to the full reversal of the provision for bad and doubtful debts set up in 2006 by the merged company Cementos de Levante S.A..

EXPENSES

This item includes:

	2007	2006
taxes for previous FYs	566	-
Capital losses on disposal of assets	781	6
Other extraordinary expenses	1.044	1.226
TOTAL	**2.391**	**1.232**

The item Other extraordinary expenses is mainly attributable to:

- Colacem S.p.A. for 965 thousand euros, 604 thousand of which related to the demolitions made at Ragusa [RG] and Caravate [VA] plants;
- Cementos Colacem Espana S.L.U. for 722 thousand euros related to the failure to collect part of a receivable of the incorporated Cementos de Levante S.A..

CURRENT AND DEFERRED TAX INCOME/EXPENSE

The item, equal to 28,883 thousand euros is represented by current tax charges of 35,908 thousand euros less the deferred tax accrual of 7,025 thousand euros and taxes accrued in previous financial years. The tax on current year profit is considerably affected by permanent differences between the pre-tax result as per the Civil Code and the taxable income of subsidiary companies due to the non-deductibility of certain costs and charges

ANNEXES

The following attachments contain additional information compared to that set forth in the Notes to the financial statements of which they are an integral part.
These are as follows:

- Statement of changes in Consolidated Net Equity for the FYs ended on 31 December 2006 and 31 December 2007;
- Consolidated Cash Flow Statement for 2007 FY and comparison with 2006 FY.

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2006 AND 31 DECEMBER 2007

	Share capital	Revaluation reserve	Legal reserve	Other reserves	Profit for the year	Group consolidated net equity	Minority interest share capital and reserves	Consolidated net equity of Group and Minority Interest
BALANCES AS AT 31.12.05	**6.000**	**135.171**	**12.663**	**325.277**	**2.335**	**481.446**	**42.593**	**524.039**
Allocation								
Net profit for 2005								
Reserves	-	-	824	-	(824)	-	-	-
Distributed Dividends	-	-	-	(15.289)	(1.511)	(16.800)	(279)	(17.079)
Change in quotas								
Consolidated companies	-	-	-	2.272	-	2.272	(1.912)	360
Revaluation reserves	-	1.535	-	-	-	1.535	(8)	1.527
Conversion reserve	-	-	-	(7.821)	-	(7.821)	-	(7.821)
Net profit for 2006	-	-	-	-	11.167	11.167	(87)	11.080
BALANCES AS AT 31.12.06	**6.000**	**136.706**	**13.487**	**304.439**	**11.167**	**471.799**	**40.307**	**512.106**
Allocation								
Net profit for 2006								
Reserves	-	-	507	3.860	(4.367)	-	-	-
Distributed Dividends	-	-	-	-	(6.800)	(6.800)	(278)	(7.078)
Change in quotas								
Consolidated companies	-	-	-	2.184	-	2.184	14.050	16.234
Revaluation reserves	-	27	-	-	-	27	(16)	11
Conversion reserve	-	-	-	(5.153)	-	(5.153)	(3.747)	(8.900)
Net profit for 2007	-	-	-	-	53.988	53.988	6.553	60.541
BALANCES AS AT 31.12.07	**6.000**	**136.733**	**13.994**	**305.330**	**53.988**	**516.045**	**56.869**	**572.914**

CONSOLIDATED CASH FLOW STATEMENT FOR 2007 FY AND COMPARISON WITH 2006 FY

		2007	2006
A)	***CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR***	***27.504***	***31.456***
B)	***CASH FLOW ON (FOR) THE YEAR***		
	Profit for the period	60.541	11.080
	Amortization and depreciation	89.077	131.486
	(Capital gains) from sales/disposals of fixed assets	267	(1.395)
	Fixed asset write-downs	162	579
	Net change in staff severance indemnity	(1.036)	2.556
	Net change in provisions for risk and charges	(3.989)	9.353
	Profit for the year before changes in net working capital	**145.022**	**153.659**
	(Increase) in receivables in net working capital	(5.790)	(45.195)
	(Increase) in inventories	(15.034)	(3.160)
	Increase/(decrease) in payables to suppliers and other payables	(20.975)	23.693
	(Increase) in other items of working capital	(683)	(6.042)
		102.540	***122.955***
C)	***CASH FLOW FROM (FOR) INVESTMENT ACTIVITIES***		
	Fixed asset investments		
	intangible	(11.519)	(24.067)
	tangible	(74.086)	(58.940)
	financial	(5.518)	17.641
	Total	(91.123)	(65.366)
	recoverable price or redeemable value of fixed assets	2.766	5.429
		(88.357)	***(59.937)***
D)	***CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES***		
	net change in financial payables	3.690	(25.245)
	net change in financial receivables	7.313	(20.998)
	Allocation of profits	(6.800)	(16.800)
	Variation in reserves	(9.495)	(3.927)
		(5.292)	***(66.970)***
E)	***CASH FLOW FOR THE PERIOD***	***8.891***	***(3.952)***
F)	***CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR***	***36.395***	***27.504***

AUDITING COMPANY'S REPORT ON THE Consolidated Financial Statements

Deloitte.

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AUDITORS' REPORT PURSUANT TO ARTICLE 2409 - ter OF THE CIVIL CODE

To the Shareholders of
Financo S.r.l.

We have audited the consolidated financial statements of Financo S.r.l. and subsidiaries (the Financo Group) as of December 31, 2007. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us on June 8th, 2007.

In our opinion, the consolidated financial statements present fairly the financial position of the Financo Group as of December 31, 2007, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Rome, Italy
June 10th, 2008

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

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