CEMENTIR GROUP

SECOND QUARTER 2005 REPORT
AS OF JUNE 30th 2005

Board of Directors

Honorary Chairman	Luciano Leone
Chairman	Francesco Caltagirone
Deputy Chairman	Carlo Carlevaris
Managing Director	Riccardo Nicolini
Directors	Pasquale Alcini Edoardo Caltagirone Saverio Caltagirone Mario Ciliberto Mario Delfini Alfio Marchini Walter Montevecchi

Board of Auditors

Chairman	Claudio Bianchi
Auditors	Giampiero Tasco Carlo Schiavone

Board of Directors Review on

Second Quarter 2005 Profit & Loss Account

Pursuant to articles 82 and 82-bis of Consob regulation n. 11971/1999 and subsequent changes (Reg. Consob n. 14990 of April 14th 2005), Cementir SpA has chosen to prepare Q2-2005 report to June 30th 2005 based of the same accounting principles used for the previous fiscal year and according to Annex 3D of the said regulation. Reconciliations between accounts prepared according to previous criteria and IFRS principles as well as the reconciliation pursuant to paragraphs 39 and 40 of principle IFRS 1 (IFRS first time adoption) are attached herewith.

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1. 2005 Second Quarter and Half Year Results

Table A

(Euro 000)	Jan-June 2005	Jan-June 2004	Δ %	Q2 2005	Q2 2004	Δ %
NET SALES	**402.925**	**151.075**	**166,71**	**231.216**	**79.718**	**190,04**
RAW MATERIALS	(156.080)	(64.111)	143,45	(87.958)	(31.836)	176,28
EXTERNAL SERVICES	(103.867)	(31.552)	229,19	(56.185)	(17.072)	229,11
CAPITALIZED COSTS	611	182	235,71	264	157	68,15
GROSS PROFIT	**143.589**	**55.594**	158,28	**87.337**	**30.967**	**182,03**
GROSS MARGIN	*35,64*	*36,80*		*37,77*	*38,85*	
LABOUR COSTS	(58.197)	(16.325)	256,49	(29.826)	(7.722)	286,25
OTHER REVENUES	4.000	885	351,98	2.705	524	416,22
OTHER COSTS	(1.529)	(377)	305,57	(588)	(70)	740,00
INDIRECT TAXES[a]	(5.099)	(1.074)	374,77	(2.714)	(661)	310,59
EBITDA	**82.764**	**38.703**	**113,84**	**56.914**	**23.038**	**147,04**
EBITDA MARGIN	*20,54*	*25,62*		*24,62*	*28,90*	
D&A	(33.383)	(14.015)	138,19	(17.216)	(7.166)	140,25
EBIT	**49.381**	**24.688**	**100,02**	**39.698**	**15.872**	**150,11**
EBIT MARGIN	*12,26*	*16,34*		*17,17*	*19,91*	
FINANCIAL RESULT	**(2.493)**	**5.615**	**(144,40)**	**257**	**3.519**	**(107.130)**
PBT AND EXTRAORDINAY ITEMS	**46.888**	**30.303**	**54,73**	**39.441**	**19.391**	**103,40**
EXTRAORDINARY ITEMS	(232)	(636)	(63,52)	(70)	(671)	(89,57)
PROFIT BEFORE TAXES	**46.656**	**29.667**	**57,27**	**39.371**	**18.720**	**110,32**

H1-05 and Q2-05 figures are even more indicative of Cementir Group new perimeter. In order to provide a more transparent picture of Group performance, quarterly and half yearly figures at constant perimeter (i.e. excluding the acquired Danish companies Aalborg Portland and Unicon A/S) are also provided.

[a] From 2005 "indirect taxes" are included above the Ebitda line; 2004 figures are adjusted accordingly and are therefore comparable.

Results for the first six months of 2005 were as follows: Net Sales reached €402,9m (€151,1m in H1-04), Gross Profit reached €143,6m (€55,6m in H1-04), Ebitda topped €82,8m (€38,7m in H1-04) and Ebit reached €49,4m (€24,7m in H1-04).

Results for the second quarter 2005 were as follows: Group Net Sales reached €231,2m (€79,7m in Q2-04), Gross Profit reached €87,3m (€30,9m in Q2-04), Ebitda topped €56,9 m (€23m in Q2-04) and Ebit reached €39,7m (€15,9m in Q2-04).

In the first six months of the year, newly acquired Aalborg Portland and Unicon A/S performed in line with expectations. In H1-05 Aalborg Portland Group, grey and white cement producer, reported Net Sales of €123,6m (€68,5m in Q2-05) and Ebitda of €34,4m (€ 23,3m in Q2-05). In H1-05 Unicon Group, the ready mix business operating subsidiary, reported Net Sales of €120,4m (€73,3m in Q2-05) and Ebitda of €16,5m (€13,2m in Q2-05), keeping the momentum started in Q1-05 and exceeding both budgeted volumes and profitability.

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2. 2005 Half Year and Second Quarter Results at constant perimeter

Table B

(Euro 000)	Jan-June 2005 §	Jan-June 2004	Δ %	Q2 2005 §	Q2 2004	Δ %
NET SALES	**158.994**	**151.075**	**5,24**	**89.575**	**79.718**	**12,36**
RAW MATERIALS	(72.859)	(64.111)	13,65	(40.593)	(31.836)	27,51
EXTERNAL SERVICES	(34.472)	(31.552)	9,25	(18.483)	(17.072)	8,26
CAPITALIZED COSTS	70	182	(61,54)	7	157	(95,54)
GROSS PROFIT	**51.733**	**55.594**	**(6,94)**	**30.506**	**30.967**	**(1,49)**
GROSS MARGIN	*32,54*	*36,80*		*34,06*	*38,85*	
LABOUR COSTS	(18.954)	(16.325)	16,10	(9.672)	(7.722)	25,25
OTHER REVENUES	717	885	(18,98)	281	524	(46,37)
OTHER COSTS	(468)	(377)	24,14	(133)	(70)	90,00
EBITDA	**33.028**	**39.777**	**(16,97)**	**20.982**	**23.699**	**(11,46)**
EBITDA MARGIN	*20,77*	*26,33*		*23,42*	*29,73*	
D&A	(15.363)	(14.015)	9,62	(8.081)	7.166	212,77
INDIRECT TAXES	(1.175)	(1.074)	9,40	(694)	(661)	4,99
EBIT	**16.490**	**24.688**	**(33,21)**	**12.207**	**15.872**	**(23,09)**
EBIT MARGIN	*10,37*	*16,34*		*13,63*	*19,91*	

H1-05 results at constant perimeter were as follows: Net Sales reached €159,0m (€151,1m in H1-04), Ebitda reached €33,0m (€39,8m in H1-04) and Ebit €16,5m (€ 24,7m in H1-04).

Most of the improvement was due to buoyant trading in Turkey with sales strongly up from last year; the Italian market, after a weak start partly due to unfavourable weather conditions, showed some signs of improvement and full year sales projections aim at reaching budgeted volumes. As far as margins are concerned, in the first six months of 2005 Turkey improved its profitability both in absolute terms and as a percentage of sales whereas Italy suffered from energy, raw materials and transport cost pressures from international markets.

Q2-05 results at constant perimeter were as follows: Group Net Sales reached €89,6m (€79,7m in Q2-04), Ebitda €21m (€ 23,7 m in Q2-04) and Ebit €12,2m (€ 15,9 in Q2-04).

§ 2005 figures do not include Aalborg Portland and Unicon results and are therefore comparable with 2004 figures

In the second quarter of 2005 sales improved markedly compared to 2004 mainly due Turkey; Italy showed some improvement. As far as margins are concerned, Turkey reported a substantial improvement whereas Italy showed signs of a rebound.

3. Net Sales Geographic breakdown

Table C

(Euro 000)	Jan-June 2005	Jan-June 2004	Δ %	Q2 2005	Q2 2004	Δ %
EUROPE	308,4	99,5	209,9	178,4	50,1	256,1
ASIA	65,9	51,6	27,7	37,1	29,6	24,3
NORTHERN/CENTRAL AMERICA	16,3	0	n/a	9,0	0	n/a
NORTH AFRICA	12,3	0	n/a	6,7	0	n/a
GROUP SALES	**402,9**	**151,1**	**166,7**	**231,2**	**79,7**	**190,0**

Table C shows Group Net Sales geographical breakdown in Q1-05 and in H1-05. A wider geographical presence allows Cementir Group to reduce cyclical risks and to reach more stable margins and financial returns.

4. Net Sales Product breakdown

Table D

(Euro 000)	Jan-June 2005	Jan-June 2004	Δ %	Q2 2005	Q2 2004	Δ %
GREY & WHITE CEMENT	251,6	132,2	90,3	141,4	70,0	102,0
RMC	151,3	18,9	700,5	89,8	9,7	825,8
GROUP NET SALES	**402,9**	**151,1**	**166,7**	**231.2**	**79,7**	**190,0**

Table D shows Group sales breakdown by product:. On June 30th 2005 cement and readymix accounted for 62.4% and 37.6% of Group Net Sales, respectively.

5. Group Net Financial Position

Table E

(Euro 000)	**30/06/2005**	**31/03/2005**	**31/12/2004**
CASH & BANK DEPOSITS	143.568	53.067	59.974
LONG TERM DEBT	(169.661)	(90.798)	(105.657)
SHORT TERM DEBT	(303.436)	(293.261)	(252.966)
NET FINANCIAL POSITION	**(329.529)**	**(330.992)**	**(298.649)**

From €330,9m net debt on March 31st 2005, Group net debt reached €329,5m on June 30th 2005. This figure includes positive operating cash flows, €11,1m dividend paid in the quarter as well as ordinary maintenance and repair costs.

In order to better assess the underling cash generation of the business, it is worth remembering not only that repair and maintenance work is usually carried out in the first part of the year but also that the Danish subsidiaries tend to generate most of operating cash flow in the second part of the year. In fact, Net Debt position at the end of Q2-05 was better than budgeted.

6. Board Members comments and main events occurred after June 30th 2005

2005 marks an important moment of Cementir Group internationalization process, started in 2001 with Cimentas acquisition in Turkey and successfully continued with last year's Danish acquisition.

Cementir has significantly enhanced its size: at the end of H1-05 Group Net Sales and Ebitda increased by 166% and 114%, respectively if compared with the same period of 2004. The Danish subsidiaries are performing as expected and several projects are under way: in particular a common IT platform (SAP) is being implemented; several benchmarking projects are being carried out, especially in alternative fuels where Aalborg Portland boasts state-of-the-art technology. Several initiatives aimed at achieving cost and sales synergies are under way. In particular, during the month of June, Unicon has signed an agreement to outsource its transport operations; it will participate a 50:50 operating company with a local entrepreneur by contributing around 180 trucks and 220 drivers. The new company will benefit from a more focused management with specific expertise as well as economies of scale.

Aalborg Portland is finalising the incorporation of a Russian subsidiary based in St. Petersburg for sale and distribution of white cement. Russia is a promising and fast-growing market especially in residential and commercial construction.

On June 30th, through its Unicon subsidiary, Cementir Group acquired Vianini Pipe Inc. based in New Jersey, which manufactures cement products. Net equity investment was €9.8m (EV of €12m minus €2.2m net cash). This acquisition allows Cementir to strengthen its position in the US, a very strong construction market where the Group already exports white cement. In 2004 Vianini Pipe reported Net Sales of USD 17,7m and Net Income of USD 2,2m.

All other Cementir Group activities are operating as usual. For the remainder of the year, Cementir expects the Danish operations to meet budgeted targets and, given Unicon performance in H1-05, to exceed expectations in the readymix business. In Turkey, where market is still growing, Cimentas is on course to exceed budgeted targets; in Italy we expect the market to claw back in H2-05 some of the ground lost in the first six months.

Rome, July 28th 2005

On behalf of the Board of Directors
the Chairman

Appendix pursuant to Art. 82-bis, letter b)1
Consob Regulation. n.11971 / 1999

Reconciliation of accounts between Italian GAAP and IAS / IFRS

	January - June 2005	Q2 2005
Pretax under ITALIAN GAAP	**46.656**	**39.371**
Adjustments:		
Tangible assets	(817)	(408)
Goodwill	2.075	1.593
Financial instruments	713	1.470
Inventories	(391)	(101)
Provisions	73	40
Other adjustments	12	6
Tax impact of adjustments	-	-
Total adjustments net of taxes	**1.665**	**2.600**
Pretax under IAS / IFRS GAAP	**48.321**	**41.971**

Appendix
Pursuant to Art. 82-bis, letter b) 2,
Consob Regulation n.11971 / 1999

Introduction

Cementir Group 2005 Full Year results will be prepared according to International Financial Reporting Standards for the first time, with transition date being January the 1st 2004.

Pursuant to IFRS 1 the following documents have been prepared:

- ✓ Reconciliation of Group Net Equity under Italian GAAP and IAS / IFRS on the following dates:
  - Date of Transition to IAS / IFRS (January the 1st 2004);
  - Closing date of the latest Report & Accounts based on Italian GAAP (December the 31st 2004)
- ✓ 2004 Net Income reconciliation between Italian GAAP and IAS / IFRS
- ✓ Notes to the reconciliation tables

Reconciliation between Italian GAAP and IFRS / IAS

(Euro 000)	Notes	Net Equity Jan 1st 04 *Group and third parties*	Net Equity Dec 31st 04 *Group and third parties*	Net Income Dec 31st 04 *Group and third parties*
ITALIAN GAAP		**510.854**	**641.845**	**78.783**
Adjustments:				
Tangibile assets	1	152.844	141.058	(11.786)
Goodwill	2	-	5.020	32.667
Financial instruments	3	31.277	(9.538)	(40.815)
Inventories	4	3.087	5.967	2.880
Provisions	5	(1.753)	(2.948)	(227)
Other adjustments	6	123	75	(48)
Tax impact of adjustments	7	(70.596)	(65.599)	6.284
Total After Tax Adjustments		**114.982**	**74.035**	**(11.045)**
IAS / IFRS		**625.836**	**715.880**	**67.738**

1) Tangibile assets

Under IFRS, tangible assets historical cost can be reappraised at fair value. In particular, real estate and plants & machinery can be booked at fair value from January the 1st 2004 onwards. Moreover, international accounting standards require that assets of significant value be depreciated according to their useful lives whereas under Italian GAAP such assets were included in the same category, regardless of their utilization. Therefore we have regrouped such assets according to their useful lives and re-determined appropriate depreciation rates. *Such adjustments increased Net Equity as of 31.12.04 by Euro 129 millions.*

With respect to real estate held for investment, the Group chose to utilize the *fair value criteria*; *the corresponding impact was Euro 12 millions increase of Group Net Equity on 31.12.04.*

2) Goodwill

According to IFRS, goodwill and consolidation differences can no longer be amortized but rather periodically reappraised (*impairment test*).

Therefore, pursuant to IFRS 1, any goodwill and consolidation differences shown on Group accounts at the time of transition from Italian GAAP to IFRS will be subject to an *impairment test* and will not be not amortized.

Any consolidation difference from acquisitions or financial investments in currency other than Euros will be valued at year end exchange rate. *Such adjustments determined Euro 5 millions increase in Group Net Equity as of 31.12.04.*

3) Financial Instruments

According to IFRS treasury shares must be deducted from Net equity like Net Income or Net Loss*. Such adjustments decreased Group Net Equity on 31.12.04 by Euro 9 millions.*

4) Inventory

According to IFRS, inventories should be valued by using FIFO or cost weighted average; LIFO is no longer utilized. The impact of inventory revaluation with FIFO was an increase in *Group Net Equity on 31.12.04 of Euro 6 millions*

5) Provisions for Risks and Contingencies

According to IFRS, provisions for risks and contingencies should be made only when a specific event occurred and the company has no other realistic alternative to fulfill its obligations.

In particular, IFRS require that all the demolition and restoration costs taken at end of each plant useful life be booked at present value as part of each plant initial value. The corresponding obligation should accrue as a liability whereas profit and loss accrual follows a depreciation schedule proportional to each asset useful life. *Such adjustments decreased Group Net Equity on 31.12.04 by Euro 3 millions.*

6) Other adjustmemts

On balance other adjustments determine a negligible impact on Group Net Equity as of 31.12.04. Such adjustments relate to net present value of financial debt, severance indemnities and plant and expansion cost write-offs.

7) Tax impact

Pursuant to IFRS principles, such impact, of around Euro 12 millions, is related to deferred taxes accrued in previous fiscal years as a consequence of non-monetary assets revaluation (IAS 29).