CEMENTERIE DEL TIRRENO SPA

Consolidated Quarterly Report as of December 31st 2006

Board of Directors
February 14th 2007

Cementerie del Tirreno S.p.A.

Registered office Corso di Francia, 200 - 00191 Rome - Italy
Share capital Euro 159,120,000 fully paid in
Tax number 00725950638 – **VAT number**.02158501003
Company's Register Office Rome No. 160,498

Directors, officers and auditors

Board of Directors

Honorary Chairman		Luciano Leone
Chairman	1	Francesco Caltagirone Jr.
Vice Chairman		Carlo Carlevaris
Chief Executive Officer and Chief Operating officer	1	Riccardo Nicolini
Directors		Pasquale Alcini
		Edoardo Caltagirone
		Saverio Caltagirone
		Azzurra Caltagirone
		Alessandro Caltagirone
		Mario Ciliberto
	1	Mario Delfini
		Alfio Marchini
		Walter Montevecchi

Board of Statutory Auditors

Chairman	Claudio Bianchi
Members	Giampiero Tasco
	Carlo Schiavone

Independent Auditors PriceWaterhouseCoopers S.p.A.

1 Member of the Executive Committee

Board of Directors Quarterly Report at December 31st 2006

1. Performance for the full year and in the 4th quarter of 2006

The present quarterly report is drawn up in compliance with international financial reporting standards (IAS/IFRS) and presented in accordance with attachment 3D, article 82 of CONSOB Regulation No. 11971/1999 and subsequent amendments.

Table A

(Euro thousands)	Jan-Dec 2006	Jan-Dec 2005	Cge. %	4th Q 2006	4th Q 2005	Cge. %
NET REVENUES FROM SALES AND SERVICES	**1,053,343**	**857,389**	**22.85**	**278,892**	**220,665**	**26.39**
OTHER REVENUES	14,049	16,671	-15.73	3,724	8,246	-54.84
RAW MATERIAL COSTS	(411,834)	(333,431)	23.51	(112,145)	(89,810)	24.87
SERVICES COSTS	(243,424)	(220,141)	10.58	(64,087)	(60,581)	5.79
PERSONNEL COSTS	(148,218)	(120,979)	22.52	(40,504)	(33,085)	22.42
TOTAL OTHER OPERATING COSTS	(16,549)	(15,078)	9.76	(5,899)	(3,936)	49.87
EBITDA	**247,367**	**184,431**	**34.12**	**59,981**	**41,499**	**44.54**
EBITDA/SALES %	*23.48*	*21.51*		*21.51*	*18.81*	
AMORTISATION, DEPRECIATION & PROVISIONS	(66,486)	(65,182)	2.00	(16,559)	(19,300)	-14.20
EBIT	**180,881**	**119,249**	**51.68**	**43,422**	**22,199**	**95.60**
EBIT/SALES %	*17.17*	*13.91*		*15.57*	*10.06*	
FINANCIAL RESULT	**(11,973)**	**(4,298)**		**3,780**	**279**	
PROFIT BEFORE TAX	**168,908**	**114,951**	**46.94**	**47,202**	**22,478**	**109.99**

Sales volumes

(thousands)	Jan-Dec 2006	Jan-Dec 2005	Cge. %	4th Q 2006	4th Q 2005	Cge. %
GREY AND WHITE CEMENT (tons)	10,235	8,979	13.99	2,806	2,101	33.51
READY MIXED CONCRETE (m^3)	4,326	3,902	10.87	1,160	1,090	6.41
AGGREGATES (m^3)	2,931	3,105	-5.62	878	807	8.84

Group employees

	31.12.2006	31.12.2005
EMPLOYEE NUMBERS	3,745	3,126

In 2006, net revenues amounted to Euro 1,053.3 million (+22.85 % compared to Euro 857.4 million in 2005), the Ebitda amounted to Euro 247.4 million (+34.12 % compared to Euro 184.4 million in 2005) and the Ebit amounted to Euro 180.9 million (+51.68 % compared to Euro 119.2 million in 2005).

The profit before tax increased from Euro 114.9 million in 2005 to Euro 168.9 million in 2006 (+46.94%). Ebitda and Ebit margins improved by 2% and 3% respectively compared to 2005.

The fourth quarter of 2006 recorded net revenues of Euro 278.9 million (+26.39% compared to Euro 220.7 million in the fourth quarter of 2005), an Ebitda of Euro 59.9 million (+44.54% compared to Euro 41.5 million in the fourth quarter of 2005) and an Ebit of Euro 43.4 million (+95.60% compared to Euro 22.2 million in the fourth quarter of 2005). The profit before tax increased from Euro 22.5 million in the fourth quarter of 2005 to Euro 47.2 million in the fourth quarter of 2006 (+109.99%). Ebitda and Ebit margins in the fourth quarter of 2006 improved by 3% and 5% respectively compared to the same period in the previous year.

Net revenues and Ebitda for 2006 at constant perimeter are reported below compared to the same period in 2005. The 2006 figures exclude Vianini Pipe (for only the first six months of the year as the company was acquired by the Group on June 30th 2005), 4K-Beton and the Cimentas plant at Edirne.

(Euro thousands)	**Jan-Dec 2006**	**Jan-Dec 2005**	**Cge.%**
NET REVENUES FROM SALES AND SERVICES	**976,243**	**857,389**	**13.86**
EBITDA	**224,342**	**184,430**	**21.64**
EBITDA/SALES %	*22.98*	*21.51*	

There was also good growth in margins at a constant perimeter: against an increase of approximately 14% in Revenues, Ebitda increased by over 21%.

2. Revenue breakdown by geographical area

Table B

(Euro millions)	Jan-Dec 2006	Jan-Dec 2005	Cge %	4th Q 2006	4th Q 2005	Cge %
EUROPE	747.8	644.1	16.1	193.8	159.2	21.7
ASIA	232.3	150.3	54.6	66.3	45.1	47.0
NORTH/CENTRAL AMERICA	51.5	35.5	45.1	14.1	6.9	104.3
NORTH AFRICA	21.7	27.5	-21.1	4.6	9.5	-51.6
GROUP REVENUES	**1,053.3**	**857.4**	**22.8**	**278.8**	**220.7**	**26.3**

The table above shows Group revenue breakdown by geographic area for the year and in the fourth quarter, compared to the same periods in 2005.

Revenue grew in all regions as already commented upon. In particular, the improvement in Europe is a consequence of good performance in two key markets, Scandinavia and Italy; in Asia, the strong performance is mainly due to good trading in Turkey as well as the first time inclusion of the Edirne plant. In North and Central America, the main contributors to the performance were trading in the US and the first time inclusion of Vianini Pipe.

Cementir Group's geographic and product diversification allows to minimise country-specific risks and allows for a greater equilibrium both in terms of margins and cash flow.

The Group presence in emerging countries also favours the consolidation of a stronger market position in an expanding phase of the economic cycle.

3. Revenue breakdown by product

Table C

(Euro millions)	Jan-Dec 2006	Jan-Dec 2005	Cge %	4th Q 2006	4th Q 2005	Cge %
GREY AND WHITE CEMENT	663.2	539.6	22.9	176.3	132.8	32.8
READY-MIX AND AGGREGATES	390.1	317.8	22.8	102.5	87.9	16.6
GROUP REVENUES	**1.053.3**	**857.4**	**22.8**	**278.8**	**220.7**	**26.3**

The table above reports Group Revenue breakdown by product: in 2006, cement and ready mixed concrete contributed 63% and 37% of sales respectively. Such percentages are in line with 2005.

Net revenues increased by 22.8% compared to the same period in 2005.

4. Net financial position

Table D

(Euro thousands)	**31/12/2006**	**30/09/2006**	**31/12/2005**
CASH AND CASH EQUIVALENTS	117,727	166,486	129,969
FINANCIAL LIABILITIES NON CURRENT	(259,317)	(289,849)	(252,085)
FINANCIAL LIABILITIES CURRENT	(295,950)	(360,817)	(281,423)
NET FINANCIAL POSITION	**(437,540)**	**(484,180)**	**(403,539)**

The net financial position as of December 31st, 2006 was negative for Euro 437.5 million compared to Euro 484.2 million as of September 30th, 2006. The improvement of Euro 46.6 million reflects the operating cash flow generated in the quarter.

To fully assess the financial movements for the year, in which the net debt increased from Euro 403.5 million at the end of 2005 to Euro 437.5 million at the end of 2006, account should be taken of the following operations in the year: the acquisition of 4K-Beton (Euro 9.5 million), the increase in the holding in Sinai White Portland Cement Company (Euro 6.6 million), the payment of a once-off substitution tax on the revaluation of assets in accordance with prevailing law (Euro 15.1 million) and the acquisition of Elazig Cimento (Euro 96 million), in addition to all of the industrial investments including those of a strategic nature made during the year, the most important of which are the construction of the terminal for white cement at Tampa in Florida and the re-activation of the furnace at the Arquata Scrivia plant.

The net financial position as of December 31st, 2006 was, excluding the payment for the acquisition of the Turkish company Elazig Cimento, the only operation among those mentioned above not planned at the beginning of the year, better than budget by over Euro 30 million.

5. Directors' Report and subsequent events

The end of 2006 confirmed the levels of activity recorded in the first part of the year. In spite of high energy and transport costs, the main financial indicators - in particular sales and operating margins, almost reached the objectives set out in the 2006/2008 three-year plan, two years ahead of the Group's development programme. 2006 was the eighth consecutive year in which the company improved upon its results on the previous year. The progressive increase in sales, the recovery of 2/3 percentage points in operating margins and a debt/equity ratio below 0.5 are all indicators of a healthy and sustainable growth, despite an increase in turnover in the past six years of approximately 500%. These results were achieved thanks to constant benchmarking within the Group across countries, markets and products. The policy of geographic diversification has certainly being successful, both in value creation, and in the results achieved so far.

Among the most significant events in the year were the acquisitions of the Danish company 4-K Beton (together with the simultaneous sale of the ready-mix and aggregates activities in Poland) - permitting the Group to significantly strengthen its presence in the ready-mix market in Scandinavia, and the Turkish company Elazig Cimento, which, in addition to the Edirne plant acquired at the end of 2005, permitted the subsidiary Cimentas to reach a production capacity in Turkey of approximately 5 million tonnes annually and become the third operator in the country.

Since 2001, when Cementir commenced its strategic expansion, over Euro 1.1 billion has been invested in acquisitions.

With reference to continuing operations, the integration and exchange of information which began in the previous year continued in 2006; the Edirne plant has been integrated into the Cementir production network and its IT Information Systems migrated to the Group SAP platform. The SAP platform will be implemented shortly by the Danish company Aalborg Portland. Production and sales activities continued to grow in the fourth quarter across all markets compared to the final quarter of 2005.

This strong operational performance underpins and reinforce Cementir Group confidence in securing further investment opportunities, where favourable conditions may develop.

Expectations are positive for the current year with the market expected to confirm the level of demand in 2006 and management believe, where the conditions remain favourable, that the Group can achieve further improvement in production and results.

Rome, February 14, 2007

For the Board of Directors

the Chairman

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