CEMENTIR GROUP

CONSOLIDATED QUARTERLY REPORT
AS AT DECEMBER 31, 2005

Board of Directors

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

Board of Statutory Auditors

Chairman	Claudio Bianchi
Board of Statutory Auditors	Giampiero Tasco Carlo Schiavone

Board of Directors Quarterly Report on Operations
at December 31, 2005

1. Performance in the 12 months and in the 4th quarter 2005

In accordance with Consob Regulation No. 11971/1999, as amended by resolution No. 14990/2005, the present quarterly report was prepared adopting international accounting standards (IFRS), therefore the accounting and consolidation principles present differences compared to the past. For comparative purposes, the data of the previous year were re-elaborated using the same accounting standards (IFRS) and, where necessary, classified in accordance with the criteria adopted as at December 31, 2005.

Table A

(Euro thousands)	**Jan -Dec 2005**	**Jan - Dec 2004**	**Δ %**	**4th Qtr. 2005**	**4th Qtr. 2004**	**Δ %**
NET REVENUES FROM SALES AND SERVICES	**857,389**	**395,118**	**117.00**	**220,665**	**162,178**	**36.06**
OTHER REVENUES	16,671	6,130	171.96	8,246	3,832	115.19
RAW MATERIAL COSTS	(333,431)	(156,705)	112.78	(89,810)	(60,499)	48.45
SERVICES	(220,141)	(84,216)	161.40	(60,581)	(37,328)	62.29
LABOUR COSTS	(120,979)	(47,950)	152.30	(33,085)	(23,322)	41.86
TOTAL OTHER OPERATING COSTS	(15,078)	(16,232)	(7.11)	(3,936)	(13,464)	(70.77)
EBITDA	**184,431**	**96,145**	**91.83**	**41,499**	**31,397**	**32.18**
EBITDA/SALES %	*21.51*	*24.33*		*18.81*	*19.36*	
AMORTISATION, DEPRECIATION AND PROVISIONS	(65,182)	(36,469)	78.73	(19,300)	(18,316)	5.37
EBIT	**119,249**	**59,676**	**99,83**	**22,199**	**13,081**	**69.70**
EBIT/SALES %	*13.91*	*15.10*		*10.06*	*8.07*	
FINANCIAL RESULT	**(4,298)**	**32,593**		**279**	**26,359**	
PRE-TAX RESULT	**114,951**	**92,269**	**24.58**	**22,478**	**39,440**	**43.01**

As the year 2005 is the first year of the acquisition of the Danish companies Aalborg Portland and Unicon, the results are not comparable with those relating to the same period in the previous year, therefore in the following chapter 2 (“like for like results for the year and for the fourth quarter"), the year to date results to December 31 and for the fourth quarter are reported excluding the results of the Danish companies; similarly, the comparative results for the final quarter of 2004, as they incorporate the Danish companies only for the final two months of the year, are reported without the effects of the acquisition for uniformity of comparison .

The net revenues from sales and services amounted to Euro 857.4 million (Euro 395.1 million at December 31, 2004), the Ebitda was Euro 184.4 million (Euro 96.1 million at December 31, 2004) and the Ebit was Euro 119.2 million (Euro 59.7 million at December 31, 2004).

In relation to the quarter, the net revenues from sales and services amounted to Euro 220.7 million (Euro 162.2 million in the fourth quarter of 2004), the Ebitda was Euro 41.5 million (Euro 31.4 million in the fourth quarter of 2004) and the Ebit was Euro 22.2 million (Euro 13.1 million in the fourth quarter of 2004).

The Danish companies Aalborg Portland and Unicon operated regularly throughout the year, in line with that programmed. In particular, the Aalborg Portland Group, operating in the production and sale of grey and white cement, recorded net turnover in 2005 of Euro 246.5 million (Euro 53.7 million in the fourth quarter), and an Ebitda of Euro 73.2 million (Euro 15.0 million in the fourth quarter). The Unicon Group, operating in the ready-mix sector, ended the year with a turnover of Euro 264.2 million (Euro 71.9 million in the fourth quarter) and an Ebitda of Euro 33.3 million (Euro 5.3 million in the fourth quarter).

In the final three months of the year, the activities of the Danish groups confirmed that of the first nine months of the year; in particular, in the cement sector Aalborg Portland recorded a slight improvement in the budget objectives, while in the ready-mix sector Unicon was above the budgeted operating margin by approximately 20%, confirming at the end of the year the trend of the first months.

2. Performance in the 12 months and in the 4th quarter 2005 at parity of consolidation area

Table B

(Euro thousands)	**Jan - Dec 2005**	**Jan - Dec 2004**	**Δ %**	**4th Qtr. 2005**	**4th Qtr. 2004**	**Δ %**
NET REVENUES FROM SALES AND SERVICES	**346,690**	**320,380**	**8.21**	**93,406**	**87,440**	**6.82**
OTHER OPERATING REVENUES	3,853	3,722	3.52	2,399	1,424	68.47
RAW MATERIAL COSTS	(155,763)	(129,515)	20.27	(43,070)	(33,309)	29.30
SERVICES	(73,417)	(62,969)	16.59	(19,377)	(16,081)	20.50
LABOUR COSTS	(39,535)	(34,471)	14.69	(11,623)	(9,843)	18.08
TOTAL OTHER OPERATING COSTS	(3,877)	(14,673)	(73.58)	(558)	(11,905)	(95.31)
GROSS OPERATING MARGIN	**77,951**	**82,474**	**(5.48)**	**21,177**	**17,726**	**19.47**
EBITDA/SALES %	*22.48*	*25.74*		*22.67*	*20.27*	
AMORTISATION, DEPRECIATION AND PROVISIONS	(29,710)	(29,345)	1.24	(10,048)	(11,192)	(10.22)
EBIT	**48,241**	**53,129**	**(9.20)**	**11,129**	**6,534**	**70.32**
EBIT/SALES %	*13.91*	*16.58*		*11.91*	*7.47*	
RESULT OF FINANCIAL MANAGEMENT	**55**	**34,592**		**1,548**	**28,358**	
PRE-TAX RESULT	**48,296**	**87,721**	**(44.94)**	**12,677**	**34,892**	**(63.67)**

At parity of consolidation areas, the net revenues from sales and services for 2005 amounted to Euro 346.7 million (Euro 320.4 million at December 31, 2004), the Ebitda amounted to Euro 78.0 million (Euro 82.5 million at December 31, 2004) and the Ebit was Euro 48.2 million (Euro 53.1 million at December 31, 2004).

The increase in the sales is due to the good performance in Turkey which continued from its positive performance in the previous year. In relation to margins, Turkey recorded an increase, while the operating results in Italy deteriorated due to the increase in energy costs combined with a decrease in the price/volumes mix on the internal market.

In relation to the fourth quarter at parity of consolidation area, the net revenues from sales and services amounted to Euro 93.4 million (Euro 87.4 million in the fourth quarter of 2004), the Ebitda amounted to Euro 21.2 million (Euro 17.7 million in the fourth quarter of 2004) and the Ebit was Euro 11.1 million (Euro 6.5 million in the fourth quarter of 2004).

The fourth quarter, compared to the same period in 2004, recorded an increase in turnover of 6.8%, and particularly strong increases for both the Ebitda (+19.5%) and the Ebit (+70.3%). With regard to the percentage margins on turnover, the operating margins, gross and net, are higher than those recorded in the final quarter of 2004 (respectively 2.5% and 4.5%).

Considering like for like data, for the first time in the year, the profitability indicators presented better figures compared to 2004; this is due to the continual improvement in the Turkish activities and to the recovery of those in Italy, which already saw signs of an inversion in the trend in the third-quarter.

3. Geographical breakdown of net turnover

Table C

(Euro Millions)	Jan-Dec 2005	Jan - Dec 2004	Δ %	4th Qtr. 2005	4th Qtr. 2004	Δ %
EUROPE	644.1	269.2	139.3	159.2	115.2	38.2
ASIA	150.3	111.9	34.3	45.1	33.0	36.7
NORTH/CENTRAL AMERICA	35.5	11.0	222.7	6.9	11.0	(37.3)
NORTH AFRICA	27.5	3.0	816.7	9.5	3.0	216.7
GROUP SALES	**857.4**	**395.1**	**117.0**	**220.7**	**162.2**	**36.1**

The above table indicates the Group Sales by geographic area, in relation to both the year and the quarter.

The geographic and production diversification that the Cementir Group has reached, permits a reduction in risks related to individual countries and allows for a greater equilibrium both in terms of margins and cash flow.

The presence in emerging countries also permits a consolidation of its market position in an expanding phase of the economic cycle.

4. Net turnover by type of product

Table D

(Euro Millions)	Jan-Dec 2005	Jan - Dec 2004	Δ %	4th Qtr. 2005	4th Qtr. 2004	Δ %
GREY & WHITE CEMENT	539.6	317.9	69.7	132.8	113	17.5
CONCRETE	317.8	77.2	311.7	87.9	49.2	78.7
NET GROUP SALES	**857.4**	**395.1**	**117.0**	**220.7**	**162.2**	**36.1**

The above table shows the breakdown of Group sales by product: at December 31, 2005, cement represented 62.9% of the sales and ready-mix 37.1%.

5. Net financial position

Table E

(Euro thousands)	31/12/2005	30/09/2005	31/12/2004
CASH AT BANK AND ON HAND	129,969	146,544	59,974
OTHER MEDIUM/LONG TERM PAYABLES	(252,085)	(170,537)	(105,657)
SHORT-TERM FINANCIAL PAYABLES	(281,423)	(270,817)	(252,966)
NET FINANCIAL POSITION	**(403,539)**	**(294,810)**	**(298,649)**

The net financial position at the end of the fourth quarter was a debt position of Euro 403.5 million, compared to Euro 294.8 million at September 30, 2005. The net debt, a deterioration of Euro 108.7 million compared to the end of the previous quarter, takes into account the acquisition in December of the Edirne factory in Turkey, for USD 166.5 million (over Euro 140 million at the exchange rate at the time of the transaction). The net cash flow for the quarter, excluding the Turkish acquisition, was therefore a positive amount of approximately Euro 32 million. Comparing the financial position at December 31, 2005 with the original budget, the cash flow in the year was well ahead of the budget.

6. Directors' Report and subsequent events

As already reported, 2005 represents the most important year in the internationalisation process of Cementir, which began in 2001 with the acquisition of Cimentas and continued in 2004 with the acquisition of the Danish companies. The end of 2005 also saw the awarding and the incorporation of the factory at Edirne, which has permitted a further strengthening of the group's presence in Turkey, a country which is recording growth in line with the best expectations.

Cementir, after investments in acquisitions of Euro 1 billion in the past four years, has maintained an extremely strong financial position and balance sheet: the debt/equity ratio is lower than 0.5 and, in the absence of further changes in the consolidation area, the forecast cash flow should permit a net financial position close to zero already in 2009.

At the end of the year, the results are more than representative of the dimensional increase in size: the turnover compared to 2004 has increased by 117%, and the Ebitda by 92%. The Italian market, which up until 2001 accounted for 100% of turnover, now only accounts for 20% of the Group's turnover.

The performance of the companies acquired has fully confirmed expectations, not only in terms of company performance, but also based on the high level of know-how that has enriched the Group. The internationalisation has seen Cementir grow in a manner more than proportional to the increase in its size, especially in the addition of companies with a long history in the industrial sector, which has provided the Group with a high level of experience and knowledge of the markets, making Cementir a global player with a worldwide leadership in the white cement sector.

On the operations front, the exchange of information between the companies of the Group for the purposes of research and better utilisation of the plants is noteworthy, with particular emphasis on the development of common policies on themes such as energy savings. The integration activity through the implementation of a common IT platform (SAP) is proceeding in accordance with the plans. At the end of 2006, Aalborg Portland should be equipped with the same systems already present in Italy and in Turkey.

Among the most important events in the last quarter, noteworthy is the awarding, to Cimentas, of an international tender for the acquisition of the cement factory at Edirne, located in the European part of Turkey, on the border with Bulgaria and Greece. The transaction, which occurred at the end of December after the approval of the Antitrust Authority, resulted in an investment of USD 166.5 million and represents another important step in the internationalisation process which commenced in 2001, increasing the production capacity of the Group in Turkey to approximately 4 million tonnes annually.

Another important event in the quarter, was the signing of an agreement, by Unicon, for the acquisition of the 4K-Beton, a company operating in the production and sale of ready-mix cement. The agreement, made with the multinational Mexican company Cemex, provides for the simultaneous sale by Unicon of two companies in Poland, also operating in the ready-mix sector and of its derivatives; the closing of the operation, expected in the first quarter of 2006 will take place after the approval by the relevant authorities. Unicon will pay a balance amounting to approximately Euro 10 million. 4K-Beton is the second ready-mix producer in Denmark, after Unicon, employing approximately 200 employees, operating 18 factories and in 2004 recorded total sales of 600,000 cubic metres. Through this acquisition the group will significantly strengthen its presence in the ready-mix market in Scandinavian countries and will achieve important synergies, and lay the basis for further opportunities for growth.

The two operations described above, which occurred in the final quarter, are certainly the most important in 2005, but are the accumulation of the work carried out throughout the year; among the other important events in the previous nine months, it is recalled the acquisition of the company Vianini Pipe Inc., the outsourcing of transportation by Unicon (180 vehicles and 220 drivers) through the creation of a company with a 50% holding, the increase of production capacity in the factory at Izmir of approximately 500,000 tonnes of cement by Cimentas and, finally, the incorporation by Aalborg Portland of a company in Russia for the distribution of white cement.

After the end of the year, the activities of the companies are continuing normally and there are no other significant events.

In relation to the forecasts for the year 2006, the Group can make further improvements on sales and margins, due both to the acquisitions and the positive expectations in the markets in which the group operates.

Rome, February 14, 2006

For the Board of Directors
The Chairman