CEMENTIR GROUP

CONSOLIDATED QUARTERLY REPORT

AS OF JUNE 30th 2006

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 Azzurra Caltagirone Alessandro Caltagirone Mario Ciliberto Mario Delfini Alfio Marchini Walter Montevecchi

Board of Statutory Auditors

Chairman	Claudio Bianchi
Statutory Auditors	Giampiero Tasco Carlo Schiavone

Board Directors quarterly report at June 30, 2006

1. Performance in the 2nd quarter of 2006

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 adjusted using the same accounting standards (IFRS) and, where necessary, classified in accordance with the criteria adopted on June 30th , 2006.

Table A

(Euro thousands)	**Jan-June 2006**	**Jan-June 2005**	**Δ %**	**2nd Quarter 2006**	**2nd Quarter 2005**	**Δ %**
NET REVENUES FROM SALES AND SERVICES	**504,244**	**402,378**	**25.32**	**287,001**	**231,076**	**24.20**
OTHER REVENUES	10,449	4,752	119.89	5,143	3,048	68.73
RAW MATERIAL COSTS	(203,131)	(155,928)	30.27	(106,125)	(87,727)	20.97
SERVICES COSTS	(117,383)	(103,863)	13.02	(63,108)	(56,181)	12.33
PERSONNEL COSTS	(68,509)	(58,184)	17.75	(36,938)	(29,606)	24.77
TOTAL OTHER OPERATING COSTS	(7,067)	(7,003)	0.91	(3,379)	(3,452)	(2.11)
EBITDA	**118,603**	**82,152**	**44.37**	**82,594**	**57,158**	**44.50**
EBITDA/SALES %	*23,52%*	*20,42%*		*28,78%*	*24,74%*	
AMORTISATION, DEPRECIATION AND PROVISIONS	(34,458)	(30,942)	11.36	(18,428)	(16,018)	15.05
EBIT	**84,145**	**51,210**	**64.31**	**64,166**	**41,140**	**55.97**
EBIT/SALES %	*16,69%*	*12,73%*		*22,36%*	*17,80%*	
FINANCIAL RESULT	**(18,460)**	**(2,889)**		**(13,527)**	**458**	
PROFIT BEFORE TAX	**65,685**	**48,321**	**35.93**	**50,639**	**41,598**	**21.73**

The first half-year of 2006 recorded net revenues of Euro 504.2 million (+25.3% compared to Euro 402.4 million in the first half-year of 2005), an Ebitda of Euro 118.6 million (+44.4 % compared to Euro 82.1 million in the first half-year of 2005) and an Ebit of Euro 84.1 million (+64.3 % compared to Euro 51.2 million in the first half-year of 2005).

Ebitda and Ebit margins improved by 3% and 4% respectively, compared to the first half-year of 2005.

In the second quarter of 2006 the Group reported Net Revenues of Euro 287 million (+24.2 % compared to Euro 231 million in the second quarter of 2005), an Ebitda of Euro 82.6 million (+44.5 % compared to Euro 57.1 million in the second quarter of 2005) and an Ebit of Euro 64.2 million (+56 % compared to Euro 41.1 million in the second quarter of 2005).

Ebitda and Ebit margins improved by 4% and 5% respectively, compared to the second quarter of 2005.

The increase in net revenues was due to the good sales performance in all of the macro geographic areas in which the Group operates. Sales improved significantly in Denmark, Italy and Turkey.

The Ebitda increase reflects an improvement in industrial efficiency, mainly in production capacity and better price/volumes mix.

At the Ebit level, the above considerations are even more evident given the stable level of depreciation and provisions.

The Financial Result in the second quarter is principally impacted by the depreciation of the Turkish Lira, as the debt of the Turkish subsidiaries is US Dollars denominated; the foreign exchange difference was not realised and therefore the write-down did not result in any cash outlay.

Net Revenues and Ebitda for the first half-year of 2006 at constant perimeter are reported below.. 2006 figures exclude Vianini Pipe, 4K-Beton and the Cimentas factory at Edirne (not part of the group on June 30th 2005).

(Euro thousands)	**Jan-June 2006**	**Jan-June 2005**	**Δ %**
NET REVENUES FROM SALES AND SERVICES	**458.389**	**402.378**	**13.92**
EBITDA	**109.333**	**82.152**	**33.09**
EBITDA/SALES %	*23.9*	*20.4*	

There was also good growth in margins at a constant perimeter: against an increase of approximately 14% in Revenues, Ebitda increased by over 33%, with Ebitda Margin up by 3.5 percentage points.

2. Revenue breakdown by geographical area

Table B

(Euro Millions)	**Jan-June 2006**	**Jan-June 2005**	**Δ %**	**2nd Quarter 2006**	**2nd Quarter 2005**	**Δ %**
EUROPE	357.2	307.9	16.0	201.8	178.3	13.2
ASIA	115.5	65.9	75.3	68.8	37.1	85.4
NORTH/CENTRAL AMERICA	22.3	16.3	36.8	10.6	9.0	17.8
NORTH AFRICA	9.2	12.3	(25.2)	5.8	6.7	(13.4)
GROUP REVENUES	**504.2**	**402.4**	**25.3**	**287.0**	**231.1**	**24.2**

The table above shows Group Revenue breakdown by geographic area in the first six months and in the second quarter, compared to the same periods of 2005.

Revenue grew in all regions for the reasons already explained. In particular, in Europe the performance improvement compared to 2005 derives from a good performance in the Scandinavian and Italian markets, which in 2005 was somewhat weak. Performance in Asia is mainly due to good trading in Turkey as well as the first time inclusion of the Edirne factory. Main contributors to North and Central American performance was the US and expansion with the first time inclusion of Vianini Pipe.

Cementir Group's geographic and product diversification allows to minimize 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-June 2006**	**Jan-June 2005**	**Δ %**	**2nd Quarter 2006**	**2nd Quarter 2005**	**Δ %**
GREY AND WHITE CEMENT	316.3	251.1	26.0%	177.3	141.3	25.5%
READY-MIXED CONCRETE	187.9	151.3	24.2%	109.7	89.8	22.2%
GROUP REVENUES	**504.2**	**402.4**	**25.3%**	**287.0**	**231.1**	**24.2%**

The table above reports Group Revenue breakdown by product: in the first half-year of 2006, cement and concrete contributed 62.7% and 37.3% to sales, respectively. Such percentages are in line with the first half-year of 2005.
Net Revenues increased by 25.3% compared to the same period in 2005: the value of the cement sold increased by 26%, while that of concrete increased by 24.2%.

4. Net financial position

Table D

(Euro thousands)	**06/30/2006**	**03/31/2006**	**12/31/2005**
CASH AND CASH EQUIVALENTS	127,202	120,895	129,969
FINANCIAL LIABILITIES NON CURRENT	(243,811)	(246,236)	(252,085)
FINANCIAL LIABILITIES CURRENT	(312,022)	(299,627)	(281,423)
NET FINANCIAL POSITION	**(428,631)**	**(424,968)**	**(403,539)**

Net debt as of June 30^{th} , 2006 was Euro 428.6 million, compared to Euro 424.9 million as of March 31^{st} , 2006. Net debt, which increased by Euro 3.7 million compared to the end of the previous quarter, takes into account Euro 13.5 million dividend payment, a 15.1 million one-off tax charge on fixed assets revaluation and the yearly capital expenditure.
For a complete evaluation of the net financial position, it should be taken into account that plant maintenance normally takes place in the first part of the year and that the Scandinavian companies, given the type of activities and the typical sales cycle in their markets, produce the largest part of cash flow in the second half of the year. The Net Financial position as of June 30^{th} 2006 was, however, better than budgeted.

5. Directors' report and subsequent events

The first half year confirmed the levels of activity recorded at the beginning of the year. The Group results are in the upper range or our forecasts and 2006 is expected to be another year of development and growth. There has been a progressive increase in sales, together with a continued increase in operating margins. These results were achieved thanks to constant benchmarking within the Group across sectors, countries and markets. The policy of geographic diversification has certainly being successful, both in value creation, and in the results achieved so far.

The first half of the year saw similar conditions to those evident in 2005: on March 2nd, Unicon completed the acquisition of the Danish company 4K-Beton, the second largest ready-mix producer in the country. As part of the same transaction, Unicon sold two Polish companies, which resulted in a net payment of Euro 9.5 million. This acquisition significantly strengthens Cementir Group presence in the Scandinavian ready-mix market. Also in the first half-year, Aalborg Portland increased its holding in the Egyptian company Sinai White Portland Cement, from 45.74% to 57.14%, for a total value of Euro 6.6 million. This deal will result in a stronger grip on the Egyptian cement market, a very important region for the Group.

In relation to normal operations, the integration and exchange of information which began in the previous year continued in the current year and the standardisation of the procedures for the cement plant at Edirne has already been completed, whose IT Information Systems are being integrated on the SAP platform.

The strong operational performance and the positive developments of 2005 underpin and reinforce Cementir Group confidence of securing further investment opportunities, where favourable conditions may develop.

No significant events occurred after the end of the first half-year.

In relation to the objectives of the 2006/2008 three-year plan, the start of 2006 strengthens management conviction and confidence in achieving these objectives ahead of schedule.

In relation to the performance for the current year, the Group expects where the activities remain in line with the first half-year, the principal economic indicators may be better than those budgeted, with a double digit increase compared to 2005.

Rome, July 27th , 2006

For the Board of Directors

The Chairman