CEMENTERIE DEL TIRRENO SPA

Half-Year Report
as of June 30th, 2006

Board of Directors
September 8th, 2006

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
Rome Company's Register Office 160,498

Contents

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
Standing members	
	Giampiero Tasco
	Carlo Schiavone

Independent Auditors	PriceWaterhouseCoopers S.p.A.

1 Member of the Executive Committee

Directors' report on operations

In accordance with CONSOB Regulation No.11971/1999, as amended by resolution No. 14990/2005, the interim consolidated financial statements as at June 30th, 2006 of the Cementir Group was prepared adopting International financial reporting standards (IFRS). Therefore, the accounting and consolidation principles present differences compared to the past. For comparative purposes, the data of the previous half-year period were restated using the same accounting standards (IFRS) and, where necessary, classified in accordance with the criteria adopted on December 31st, 2005 and on June 30th, 2006.

The previous interim consolidated financial statements as at June 30th, 2005 draw up in compliance with the rules of law and the Italian accounting standards.

Results

(Euro thousands)	January - June 2006	January - June 2005	Change %
NET REVENUES FROM SALES AND SERVICES	**504,244**	**402,378**	**25.32**
OTHER REVENUES	10,449	4,752	119.89
OTHER OPERATING REVENUES	(203,131)	(155,928)	30.27
RAW MATERIAL COSTS	(117,383)	(103,863)	13.02
PERSONNEL COSTS	(68,509)	(58,184)	17.75
OTHER OPERATING COSTS	(7,067)	(7,003)	0.91
EBITDA	**118,603**	**82,152**	**44.37**
EBITDA/SALES %	*23.52%*	*20.42%*	
AMORTISATION, DEPRECIATION AND PROVISIONS	(34,458)	(30,942)	11.36
EBIT	**84,145**	**51,210**	**64.31**
EBIT/SALES %	*16.69%*	*12.73%*	
FINANCIAL RESULT	**(18,460)**	**(2,889)**	
PROFIT BEFORE TAX	**65,685**	**48,321**	**35.93**
INCOME TAXES	(10,617)	(14,666)	
NET PROFIT	**55,068**	**33,655**	**63.63**
NET PROFIT OF MINORITY INTERESTS	**3,760**	**2,790**	
GROUP NET PROFIT	**51,308**	**30,865**	**66.23**

The first half-year of 2006 recognised 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), an Ebit of Euro 84.1 million (+64.3% compared to Euro 51.2 million in the first half of 2005 and a Group net profit of Euro 51.3 million (+66.2% compared to Euro 30.9 million in the first half of 2005).

Ebitda and Ebit margins improved by 3% and 4% respectively, compared to the first half 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 first half 2006 is principally impacted by the depreciation of the Turkish Lira, as the debt of the Turkish subsidiaries is denominated in US Dollars; the foreign exchange difference was not realised and therefore the write-down did not result in any cash outlay.

Directors' Report and significant events

The first half 2006 confirmed the levels of activity recognised at the beginning of the year. The Group results are in the upper range of 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 2006 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, 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 production and sales activities, as already illustrated, have maintained growth, with all of the Group's markets providing positive signs, as is evident from the revenues and margins compared to the first half of 2005.

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.

Treasury shares

At June 30th, 2006, the Group does not hold any treasury shares.
At June 30th, 2006, the parent company Cementir and its subsidiaries did not hold, either directly or indirectly, shares or quotas in holding companies, nor have they purchased or sold such shares or quotas in the year.

Transactions with related parties

For the purposes of the Cementir group, the transactions with related parties concerned:

- the parent company Caltagirone S.p.A. and its subsidiaries companies;
- the associated companies;
- other related parties.

The transactions undertaken by the companies of the Group with related parties refer to normal operations and are conducted at normal market conditions. There are no atypical or unusual transactions which are not within the normal business operations.
The companies of the Cementir group also undertake transactions with the Caltagirone group and with companies under common control. All of the transactions with related parties are at normal market conditions.
At June 30th, 2006, Unicon had a financial payable of Euro 9,000 thousand, also present at December 31st, 2005, relating to the residual balance due to Vianini Industria (company under common control) on the payment for the acquisition of 99.9% of the share capital of the US company Vianini Pipe Inc. As already noted at December 31st, 2005, the purchase contract provides for the payment in tranches until July 2008, with the payment of interest at normal market conditions.

The most significant financial transactions and balances are shown below:

(Euro thousands)	June 30th, 2006		1st half 2006		December 31st, 2005		1st half 2005	
	Receivables	Payable	Income	Expense	Receivables	Payable	Income	Expense
Parent company	-	-	-	-	-	-	-	-
Subsidiary companies	-	-	-	-	-	-	-	-
Associated companies	-	-	-	-	-	-	-	-
Companies under common control	-	9,000	50	163	1,626	9,000	-	-
Total	**-**	**9,000**	**50**	**163**	**1,626**	**9,000**	**-**	**-**

The most significant commercial transactions and balances are shown below:

(Euro thousands)	June 30 th, 2006		1st half 2006		December 31st, 2005		1st half 2005	
	Receivables	Payables	Revenues	Costs	Receivables	Payables	Revenues	Costs
Parent company	-	-	-	-	-	1	-	-
Subsidiary companies	-	-	-	-	-	-	-	-
Associated companies	226	19	6,391	-	3,423	-	3,959	-
Companies under common control	1,202	114	1,002	822	1,264	175	978	137
Total	**1,428**	**133**	**7,393**	**822**	**4,687**	**176**	**4,937**	**137**

The revenues from associated companies relate to the sale of finished and semi-finished products (cement and clinker) at normal market conditions. In relation to commercial transactions with companies under common control, the Cementir group traditionally sells cement to companies belonging to the Caltagirone group. In the first half 2006, Cementir sold a total of 11,466 tonnes of cement at market conditions (7,599 tonnes to Vianini Lavori and 3,867 tonnes to Vianini Industria). Services of a various nature and rental of the headquarters in Corso Francia, Rome are included in the costs of transactions with companies under common control.

Subsequent events

The Group, through the subsidiary Cimentas, signed an agreement on August 31st, 2006 with the Oyak Group for the acquisition of the Turkish company Elazig Cimento.

The purchase price was USD 110 million and the completion of the operation is subject to authorisation from the Antitrust Authority, which is due to give its opinion in September.

Elazig is located in Eastern Anatolia and has an annual production capacity of over 900,000 tonnes. Elazig Cimento has a net debt of approximately USD 15 million; in 2005 the company recognised revenues of USD 52 million and an Ebitda of Euro 21.5 million; the number of employees is approximately 200.

The Group, with this acquisition, will have four cement factories in Turkey and a total annual production capacity of 5 million tonnes.

Outlook

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, the principal economic indicators may be better than those budgeted, with a double digit increase compared to 2005.

Reconciliation between shareholders' equity and net profit of the parent company and interim consolidated financial statements as at June 30th, 2006

(Euro thousands)	**Net profit 1st half 2006**	**Shareholders' Equity June 30th, 2006**
Cementir S.p.A.	**13,507**	**621,142**
Higher gains on sales and contribution		(1,170)
Amortisation of the Cimentas goodwill as of December 31st, 2003		(13,842)
IAS/IFRS effects on subsidiaries companies as of December 31st, 2004		(8,925)
Reserves changes		(46,115)
Consolidation effect of the subsidiaries companies	33,228	240,542
Net result of equity investments valued at equity method	2,891	7,279
Other Changes	1,724	(4,908)
Total Group	**51,308**	**794,003**
Total Minority interest	**3,760**	**35,782**
Cementir Group	**55,068**	**829,785**

Consolidated financial statements

Consolidated balance sheet

(Euro thousands)	Note	June 30th, 2006	December 31st, 2005
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**1**	438,890	474,847
Property, plant and equipment	**2**	681,382	695,982
Investment property	**3**	23,000	23,000
Equity investments valued at equity method	**4**	23,358	25,267
Other equity investments	**5**	2,549	2,563
Non-current financial assets	**6**	320	379
Deferred tax assets	**19**	36,968	40,496
Other non-current assets		271	133
TOTAL NON-CURRENT ASSETS		**1,206,738**	**1,262,667**
CURRENT ASSETS			
Inventories	**7**	94,366	95,410
Trade receivables	**8**	206,229	168,047
Equity investments and current securities		-	-
Current financial assets	**9**	86,177	87,926
Current tax assets		3,407	6,379
Other current assets	**10**	15,658	8,393
Cash and cash equivalents	**11**	40,705	41,750
TOTAL CURRENT ASSETS		**446,542**	**407,905**
TOTAL ASSETS		**1,653,280**	**1,670,572**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**12**	159,120	159,120
Share premium reserve	**12**	22,710	22,710
Other reserves	**12**	560,865	542,827
Group net profit (loss)	**12**	51,308	109,397
GROUP SHAREHOLDERS' EQUITY		**794,003**	**834,054**
Net profit (loss) of minority interests	**12**	3,760	6,347
Minority interest reserves	**12**	32,022	29,406
MINORITY INTERESTS SHAREHOLDERS' EQUITY		**35,782**	**35,753**
TOTAL SHAREHOLDERS' EQUITY		**829,785**	**869,807**
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits provisions	**13**	15,624	16,296
Non current provisions	**14**	11,722	11,608
Non-current financial liabilities	**16**	243,811	252,085
Deferred tax liabilities	**19**	56,770	68,015
Other non-current liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		**327,927**	**348,004**
CURRENT LIABILITIES			
Current provisions	**14**	54	1,235
Trade payables	**15**	136,244	134,226
Current financial liabilities	**16**	312,022	281,423
Liabilities current taxes	**17**	4,203	4,946
Other current liabilities	**18**	43,045	30,931
TOTAL CURRENT LIABILITIES		**495,568**	**452,761**
TOTAL LIABILITIES		**823,495**	**800,765**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,653,280**	**1,670,572**

Consolidated income statement

(Euro thousands)	Note	1st half 2006	1st half 2005
REVENUES	**20**	**504,150**	**406,928**
Change in inventories		94	(4,550)
Increases for internal work		978	611
Other operating revenues	**21**	9,374	4,141
TOTAL OPERATING REVENUES		**514,596**	**407,130**
Raw material costs	**22**	(203,131)	(155,928)
Personnel costs	**23**	(68,509)	(58,184)
Other operating costs	**24**	(124,353)	(110,866)
TOTAL OPERATING COSTS		**(395,993)**	**(324,978)**
EBITDA		**118,603**	**82,152**
Amortisation, depreciation, write-downs and provisions	**25**	(34,458)	(30,942)
EBIT		**84,145**	**51,210**
Net result of equity investments valued at equity method	**26**	2,891	2,887
Net result of financial costs	**26**	(21,351)	(5,776)
NET RESULT OF FINANCIAL COSTS AND EQUITY INVESTMENTS VALUED AT EQUITY METHOD		**(18,460)**	**(2,889)**
PROFIT BEFORE TAX		**65,685**	**48,321**
Income taxes	**27**	(10,617)	(14,666)
NET PROFIT FOR THE PERIOD		**55,068**	**33,655**
Net profit (loss) of minority interests		3,760	2,790
GROUP NET PROFIT (LOSS)		**51,308**	**30,865**

Statement of movement in consolidated shareholders' equity

(Euro thousands)	Share Capital	Share premium reserve	Other Reserves: Legal reserve	Other Reserves: Reserve for treasury share	Other Reserves: Translation reserve	Other Reserves: Other reserves	Group net profit (loss)	Group Shareholders' Equity	Net profit (loss) of minority interests	Reserves of minority interest	Minority interest shareholders' Equity	Total Shareholders' Equity
Shareholders equity at January 1, 2005	**159,120**	**15,052**	**7,859**	**13,000**	**(53,136)**	**488,340**	**67,616**	**697,851**	**375**	**27,226**	**27,601**	**725,452**
Allocation of the 2004 net result		7,658	23,966			35,992	(67,616)	-	(375)	375	-	**-**
Dividends distributed 2004						(11,138)		(11,138)				**(11,138)**
Intangible assets					16,782	1,111		17,893				**17,893**
Property, plant and equipment						(952)		(952)				**(952)**
Inventories at FIFO						(1,348)		(1,348)				**(1,348)**
Other IFRS effects						568		568				**568**
Changes in other reserves						(817)		(817)		(865)	(865)	**(1,682)**
Change in translation reserve					22,600			22,600		2,670	2,670	**25,270**
Result for the period							109,397	109,397	6,347		6,347	**115,744**
Shareholders' equity at December 31st, 2005	**159,120**	**22,710**	**31,825**	**13,000**	**(13,754)**	**511,756**	**109,397**	**834,054**	**6,347**	**29,406**	**35,753**	**869,807**
Allocation of the 2005 net result						109,397	(109,397)	-	(6,347)	6,347	-	**-**
Dividends distributed 2005						(13,525)		(13,525)				**(13,525)**
Intangible assets					(44,140)			(44,140)				**(44,140)**
Changes in other reserves						(2,489)		(2,489)		(2,015)	(2,015)	**(4,864)**
Change in translation reserve					(30,845)			(30,845)		(1,716)	(1,716)	**(32,561)**
Result for the period							51,308	51,308	3,760		3,760	**55,068**
Shareholders' equity at June 30th, 2006	**159,120**	**22,710**	**31,825**	**13,000**	**(88,739)**	**604,779**	**51,308**	**794,003**	**3,760**	**32,022**	**35,782**	**829,785**

Consolidated cash flow statement

(Euro thousands)	June 30th, 2006	December 31st, 2005
Net profit for the period	**55,068**	**115,744**
Amortisation and depreciation	31,793	63,087
(Revaluations) and write-downs	489	1,501
Net result of equity investments valued at equity method	(2,891)	(5,545)
Net financial result	22,269	8,764
(Gains) losses on disposals	(2,095)	(3,453)
Income taxes	10,617	(793)
Change in employment benefit provisions	(672)	1,478
Changes in current and non-current provisions	(1,067)	1,919
Operating cash flow before working capital changes	**113,511**	**182,702**
(Increase)/Decrease in inventories	1,044	(15,667)
(Increase)/Decrease in trade receivables	(38,694)	(27,739)
Increase/(Decrease) in trade payables	2,018	14,165
Change in other current and non-current liabilities	4,710	(19,595)
Change in deferred and current income taxes	6,755	(2,462)
Operating cash flow	**89,344**	**131,404**
Dividends received	-	-
Interest and other income received	11,273	8,405
Interest and other expenses paid	(17,077)	(22,265)
Income tax paid	(22,860)	(12,154)
Cash flow from operating activities (A)	**60,680**	**105,390**
Investments in intangible assets	(9,327)	(108,869)
Investments in tangible assets	(39,910)	(149,104)
Equity investments and non-current securities	(3,377)	4,434
Sale of intangible assets	406	-
Sale of tangible assets	12,374	9,037
Sale of equity investments and non-current securities	4,126	-
(Increase)/Decrease equity investments and current securities	-	1,771
Other investment activity changes	59,433	1,743
Cash flow from investing activities (B)	**23,725**	**(240,988)**
Change in non-current financial assets and liabilities	(23,540)	147,186
Change in current financial assets and liabilities	31,208	(58,729)
Dividends distributed	(13,525)	(12,801)
Other net equity changes	(74,985)	39,382
Cash flow from financing activities (C)	**(80,842)**	**115,038**
Effect exchange differences on cash and cash equivalents (D)	**(4,608)**	**4,041**
Net changes of cash and cash equivalents (A+B+C+D)	**(1,045)**	**(16,519)**
Cash and cash equivalents at beginning of the period	**41,750**	**58,269**
Cash and cash equivalents at end of the period	**40,705**	**41,750**

Notes to the consolidated financial statements

General information

Cementir S.p.A. (Parent Company), a limited liability company with its registered office at Rome (Italy), and its subsidiaries constitute the "Cementir Group" which principally operates internationally in the ready-mix and white cement sectors.

The Shareholders with holdings above 2% of the share capital, as per the shareholder registry, the communications received in accordance with article 120 of Legislative Decree No. 58 of February 24, 1998 and other information available are:

1) Calt 2004 Srl, 47,860,813 shares (30,078%)
2) Lav 2004 Srl, 40,543,880 shares (25,480%)
3) Pantheon 2000 S.p.A., 4,466,928 shares (2,807%)
4) Caltagirone Francesco 4,8889,239 shares (3,073%)

Compliance with the international accounting standards IFRS/IAS

The consolidated financial statements of the Cementir Group have been drawn up in compliance with the international accounting standards (IFRS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC") approved by the European Community Commission as at June 30th, 2006.

In particular, the interim consolidated financial statements as at June 30th, 2006 have been drawn up in compliance with the international accounting standard IFRS (IAS 34) governing interim financial reporting.

The interim consolidated financial statements could not include all the information published in the annual report and it must be read together with the consolidated financial statements as at and for the year to December 31st, 2005.

Basis of presentation

The interim consolidated financial statements as at June 30th, 2006 are presented in Euro and the amounts are shown in thousands, except where indicated otherwise. The interim consolidated financial statements includes the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the notes to the consolidated financial statements. The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the balance sheet;
- the income statement items are classified by the nature of the expense;

- the statement of changes in shareholders' equity is based on changes in net equity reserves;
- the cash flow statement is presented using the indirect method.

The present interim consolidated financial statements applies the accounting principles and criteria adopted in the consolidated financial statements as at December 31st, 2005. The consolidated income statement for the half-year to June 30th, 2005, used as a comparative to the consolidated income statement for the half-year to June 30th, 2006, have been drawn up in compliance with the accounting principles and criteria adopted as at June 30th, 2006 and they rise from the previous half-year data draw up in compliance with the rules of law and the Italian accounting standards and explained in the previous interim consolidated financial statements.

Consolidation principles

Consolidation area

The list of the subsidiaries included in the consolidation area and the associated companies is provided in the Annex 1 to these notes.

Subsidiary companies

The consolidation area includes the parent company Cementir S.p.A. and the companies in which it exercises direct or indirect control. This control is exercised either due to direct or indirect shareholdings of the majority of the voting rights, or through the exercise of a dominant influence which is expressed by the power to determine, including indirectly based on contractual or legal agreements, the financial and operating choices of the company and thus obtaining the relative benefits, without reference to the actual holding in the company. The existence of potential exercisable voting rights at the balance sheet date is considered in order to determine control.

The companies are consolidated from the date in which control occurs until the moment in which this control terminates. The interim financial statements used for the consolidation were prepared at June 30th, and are normally those prepared and approved by the Board of Directors of the individual companies, appropriately adjusted, where necessary, in accordance with the uniform accounting principles of the parent company.

Associated companies

The associated companies (the companies in which the Group exercises a significant influence but does not control - or jointly controlled entities - the financial and operating policies) are valued at equity method (the book value initially recognised at cost and subsequently increased or decreased to recognise the share of the result in the associate). The profits and

losses pertaining to the Group are recognised in the consolidated income statement at the date when the significant influence begins and until the date when it terminates.
Where the loss pertaining to the Group exceeds the book value of the investment, the value is written down to zero and, where the holding is committed to comply with legal or implicit obligations of the company or in any case to cover the losses, the excess is recognised as a liability.

Consolidation procedure

The assets and liabilities, and the income and expenses, of the companies consolidated on a line-by-line basis are fully included in the consolidated financial statements.
The business combinations in which the control of a company/entity is acquired are recognised applying the *purchase method*, where the assets and liabilities acquired are initially measured at their current value at the acquisition date. The difference between the purchase cost and the current value of the assets and liabilities acquired, if positive, is allocated to the account "Goodwill", and if negative is recognised in the income statement. The acquisition cost is based on the *fair value*, at the purchase date, of assets acquired, of liabilities incurred and of capital instruments issued, and any other accessory expenses.
The share of the equity and the result for the year relating to minority interest are recognised in specific accounts in the balance sheet and income statement.
All infragroup balances and transactions, including any unrealized gains in respect of third, are eliminated including their own fiscal effect, if significant.
The gains and losses not realised in respect of third parties, deriving from transactions with associated companies are eliminated for the part of the Group. The losses not realised are eliminated except when they represent a permanent impairment in value.

Accounting principles

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, identifiable, under control and capable of generating future economic benefits. They are measured initially at cost, including any directly attributable cost of preparing the asset for its intended use.
On initial recognition, the useful life is determined for each intangible asset. Intangible assets with indefinite useful lives are those activities for which, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. The estimate of the useful lives is reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.
Intangible assets are eliminated from the financial statements, when the asset is sold or when no expected future benefits is expected from its use, and any loss or gain (calculated as the

difference between the sale price and the carrying amount) is recognised in the income statement in the year of the above-mentioned elimination.

Intangible assets with finite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation begins when the asset is available for use and is recognised on a systematic basis in relation to the residual possibility of use and thus over the useful life of the asset. Amortisation is calculated from the moment the asset is available for use and for the period of its use in the year.

Intangible assets with indefinite useful lives are those activities for which, on the basis of analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. Intangible assets with indefinite useful lives are initially recognised at purchase cost, determined in the same manner as that indicated for intangible assets with finite useful lives, and are not amortised, but undergo an impairment test annually or more frequently, if specific events indicate they may have incurred a impairment in accordance with the procedures described for goodwill below. Write-downs are reinstated if the reasons for their write down no longer exist.

In the case of the acquisition of subsidiary or associated companies, the assets, the liabilities and the contingent liabilities acquired and identifiable are recognised at fair value at the date of acquisition. The positive difference between the acquisition cost and the quota held by the Group of the current value of these assets and liabilities are classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised in the income statement at the date of acquisition.

After the initial recognising, the goodwill is not amortised, but is subject annually or more frequently if specific events indicate the possibility to have incurred a impairment, to determine the existence of any impairment in value. Write-downs may not be reversed in a subsequent period.

<u>Property, plant and equipment</u>

Tangible assets are recognised at cost, including directly allocated accessory costs and necessary for the asset being in the condition for use for which it was acquired, and increased, in the presence of current obligations, by the current value of the estimated cost for the disposal of the asset.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset.

Tangible assets are recognised net of accumulated depreciation and any impairment. Depreciation is calculated on a straight line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.

The estimated useful lives of property, plant and equipment are as follows:

	Useful life tangible assets
Quarries	Excavated/ to be excavated
Production plants	10-20 years
Other plant (non production)	
- Industrial buildings	18-20 years
- Light constructions	10 years
- General or specific plant	8 years
- Other equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

It should be noted that the above intervals, which indicate the minimum and maximum limits, reflect the presence of different useful lives of components in the same category of assets.
Land, both constructible and relating to civil and industrial buildings, is not depreciated in that it has an unlimited useful life.
When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle.
At the moment of the sale or when no expected future economic benefits exist from the use of the tangible asset eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recognised in the income statement in the year of the above mentioned elimination.

Investment property

Property investments are measured at market value and are not depreciated. The changes in value are recognised in the income statement.

Impairment

At each period end, the book value of intangible and tangible assets is reviewed for the existence of events or changes which indicate that the book value may not be recovered. If an indication of this type exists, their recoverable amount must be determined and, in the case in which the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable amount. Goodwill and other indefinite intangible assets are, however, estimated at each balance sheet date or, in any case when there is a change in circumstances or specific events occur which require this.

The recoverable amount of intangible and tangible assets is the higher between the fair value less costs to sell and its value in use, where the value in use refers to the current value of estimated future cash flows of the asset or, for assets that do not independently generate sufficient cash flows, of the group of assets that comprise the cash-generating unit to which the asset belongs.

In defining the value of use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the activity.

A reduction in value is recognised in the income statement when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable amount. When the reasons for a write-down no longer exist on tangible and intangible assets other than goodwill, the book value of the asset is restated through the income statement, up to the value at which the asset would be recognised if no write-down had taken place and amortisation had been recognised.

When the reduction in value deriving from the test is higher than the value of the asset subject to the test allocated to the cash-generating unit to which belongs, the residual amount is allocated to the assets including the cash-generating unit in proportion to their carrying value. This allocation has as its minimum limit, the highest value between:

- the relative fair value of the asset less costs to sell;
- the relative value in use, as defined above;
- zero.

The losses in value are recognised in the Income Statement under the account amortisation, depreciation and write down costs.

Inventories

Raw materials, semi-finished and finished products are valued at the lower of cost and market value. The purchase cost is calculated using the FIFO method.

Financial Instruments

Financial assets

The financial assets are classified, on initial recognition, in one of the following categories and measured as follows:

- *financial assets measured at fair value with changes recognised in the income statement:* this category (investments in other companies) includes the financial assets acquired principally for sale in the short-term, those designated at fair value recognised in the income statement at the acquisition date and derivative instruments. For the determination of the fair value of financial instruments listed on active markets, the relative market quotation is used at the balance sheet date. In the absence of an active market, the fair value is determined with reference to prices provided by external operators and utilising valuation models, which are principally based on financial variables, as well as taking into account the prices recognised in recent transactions and the quotations of similar financial instruments. The fair value changes of the instruments belonging to this category are recognised in the income statement. When the fair value cannot be determined reliably, the cost value is maintained, adjusted against losses in value. These losses for reduction in value may not be restated. The financial instruments in this category are classified as short-term if they are "held for trading" or if it is expected that they will be sold within 12 months from the balance sheet date. The derivatives are treated as assets if the fair value is positive, and as liabilities if the fair value is negative. The Group compensates the current positive and negative values deriving from operations in place with the same counterparty, when such compensation is permitted contractually;

- *loans and receivables:* they are financial instruments, principally relating to trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. They are classified as current assets (when the due date is within the normal commercial terms) except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current assets. These assets are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recognised in the income statement. When in subsequent periods the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

Financial assets are derecognised from the balance sheet when the right to receive the cash flows from the instrument ceases and the Group has transferred all the risks and rewards relating to the instrument and the relative control.

Financial liabilities

Financial liabilities relate to loans, trade payables and other commitments, and are measured at amortised cost using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the loans are recalculated to reflect this change based on the new current value of the expected cash flows and of the internal yield initially determined.

The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Financial liabilities are derecognised from the balance sheet when they expire and the Group has transferred all the risks and rewards relating to the instrument.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and currency options, to hedge against risks deriving from currency fluctuations.

These derivative financial instruments are measured and recognised at fair value. The operations which satisfy the requirements for hedge accounting are classified as hedging operations, while all other operations, including those for the management of risks, are designated as for trading. Therefore, as a consequence of the omission (at the subscription date) of some of the formal requisites required by IFRS, the changes in the fair value relating to these derivative instrument operations are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Shareholders' equity

Share capital

Share capital is the amount of the subscribed and paid-in capital of the Parent Company. The costs strictly related to the issue of new shares are classified, net of any deferred fiscal effect, in a separate reserve as a reduction of net equity.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the termination of employment and relating to defined benefit programmes (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right. The valuations of the liabilities are made by independent actuaries.

The defined benefit plans, which include employee leaving indemnities in accordance with article 2120 of the Civil Code, are based on the period of employment service and on the remuneration received by each employee over a predetermined period of employment. In particular, the liability relating to employment leaving indemnity is recognised in the financial statements based on the current actuarial value, as qualifying as a benefit due to employees based on a defined benefit plan. The recognising in the financial statements of a defined

benefit plan requires an estimate of the value of the services maturity by employees for their employment service in current and previous years through actuarial techniques and the discounting of these services in order to determine the current value of Group commitments.
The determination of the current value of the Group commitments is made by an independent expert using the projected unit credit method. This method, which relates to the so-called "matured benefits" techniques, considers each period of service by employees at the company as a source of an additional unit of right to benefits and separately measures each unit in order to calculate the final commitment: the actuarial liability must therefore be quantified on the basis of the years matured at the measurement date. Therefore, the total liability is calculated based on the ratio between the service years matured at the measurement date and the total number of years at the expected settlement of the benefit. In addition, this method considers future increases in remuneration, of whatever nature (inflation, merit, contractual renewals etc), up to the termination of employment.
The employee leaving indemnity matured in the year is recognised in the income statement under personnel costs.
The principal actuarial assumptions applied in the calculation of the employee leaving indemnity are indicated below:

	30.06.2006	**31.12.2005**
Discount rate	3.7% - 6% - 5.5%	3.3% - 6% - 5.5%
Future salary increases	1.9% - 3%	1.9% - 3%

The discounting was calculated using the IRS curve corresponding to the duration of the period under examination (50 years).
The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Group commitments at the end of the period, due to the change in the actuarial parameters described above, are fully recognised in the income statement.

Provisions for risks and expenses

Provisions for risks and expenses are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.
Provisions for risks and expenses are recognised when, at the balance sheet date, a legal or implicit obligation exists that derives from a past event and a payment of resources is a probable requirement to satisfy the obligation, and the amount of this payment can be estimated. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted; the increase of the provision due to the passing of time is recognised as a financial expense. If the liability

relates to a tangible asset (example reclamation of sites), the counterparty of the provision is recognised under the asset to which it refers; the recognising of the charge to the income statement is made through the process of depreciation of the tangible asset to which the charge refers to.

Grants

The grants from public entities and private third parties are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment.

The grants correlated to the acquisition or production of fixed assets (capital grants) are recognised either as a direct reduction of the fixed asset or under other liabilities and credited to the income statement in relation to the useful life of the asset to which it refers.

Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognising.

Revenues

Revenues are recognised in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. The revenues are recognised at the fair value of the amount received less VAT, returns, premiums and discounts.

In particular, the revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser. Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Financial Income and Expense

Financial income and expenses are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

Dividends

Revenues are recognised when the right of the shareholders to receive the payment is established, which normally corresponds to the shareholders' meeting resolution for their distribution. The distribution of dividends is therefore recognised as a liability in the financial statements in the period in which the distribution is approved by the Shareholders' Meeting.

Income taxes

Current income taxes for the year are determined based on an estimate of the taxable assessable income and in accordance with current legislation.

Deferred tax assets and liabilities are calculated on temporary differences between the values in the consolidated financial statements and the corresponding values recognised for taxation purposes applying tax rates which are expected to be applicable in future years when the temporary differences will be realised or reversed.

The recognising of deferred tax assets is made when their recovery is probable, that is when it is expected that future assessable fiscal income sufficient to recover the asset will be available. The recovery of the deferred tax asset is reviewed at each balance sheet date.

Current and deferred income taxes are recognised in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity. Current and deferred taxes are compensated when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under operating expenses.

Earnings per share

(i) Basic: The base earnings per share are calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

(ii) Diluted: The diluted earnings per share are calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The diluted earnings per share are not calculated in the case of losses, as the dilution effect would result in an improvement in the earnings per share.

Translation criteria of foreign currencies

The functional currency of the subsidiaries in the eurozone is the Euro. The functional currency of the subsidiaries located outside of the eurozone is the relevant local currency. The presentation currency of the Cementir Group consolidation is the Euro.

Foreign currency transactions

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction.

The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period.

The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.
The non-monetary assets and liabilities denominated in foreign currencies other than the Euro and recognised at historical cost are translated using the exchange rate at the initial date of the recognising of the operation.
The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

Translation of the financial statements of foreign subsidiaries
The financial statements of consolidated companies not included in the eurozone are translated into Euro applying, for the balance sheet, the exchange rate at the period end, and, for the income statement, the average exchange rate in the period. The translation differences deriving from the adjustment of opening shareholders' equity to the exchange rates at the end of the period and the differences deriving from the different methods used for the translation of the result are recognised in equity in a separate reserve.
On the disposal of a foreign subsidiary, the accumulated translation differences recognised in the separate equity account will be recognised in the income statement.
In accordance with IFRS 1, the cumulative translation differences on the first-time adoption of IFRS are reclassified in the equity account "retained earnings" and, therefore, are not recognised in the income statement on the subsequent disposal of the investment.

Use of estimates
The preparation of the consolidated financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

Important accounting standards
The accounting standards and accounts in the financial statements which require greater subjectivity by the directors in the preparation of the estimates and for which a change in the

underlying conditions of the assumptions used may have a significant impact on the consolidated financial statements of the Group are as follows:

- *Intangible assets with indefinite life;*
- *Write-down of assets;*
- *Depreciation of assets;* The depreciation represents a significant cost for the Group. The cost of property, plant and machinery is depreciated on a straight-line basis on the estimated useful life of the asset. The useful life of the fixed assets of the Group is determined by the directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Group periodically evaluates technological and sector changes, dismantlement expenses and the recovery value to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in the income statement.

Management of financial risks

The Group is exposed to foreign exchange and interest rate risks in its operations. Derivative financial instruments are used to reduce these risks. The Group is also exposed, but not at particularly significant levels, to credit risks, as described in the following paragraph.

Credit risk

The operating procedures permit a control of the risk connected to the receivable, limiting the sales of products and/or services to clients with an adequate level of credit lines or guarantees. The credit risk is also mitigated by the fact that there are no significant amounts concentrated in single positions, as there is a significant amount of customers and the sales are well distributed.

Exchange risks

The Group companies, operating at an international level, are structurally exposed to exchange risks for financial flows deriving from operating activities and loans in currencies other than the functional currency. The principal exposure derives from the purchases of solid fuel and clinker in US Dollars and from cement and clinker exports in US Dollars. Other exposures within the Group relate to UK Sterling, the Polish Zloty and the Iceland Crown, all deriving from exports to these countries. The principal exposures for loans in foreign currencies compared to the local currencies are in Turkey, against the US Dollar and the Euro. Against these exchange risks the Group evaluates the overall hedging nature of these cash flows and loans, undertaking forward currency exchange purchases and sales contracts, as well as foreign currency call and put options. The derivative financial instrument operations are for hedging purposes.

Interest rate risk

The Group has a net debt financial position and is therefore exposed to an interest rate fluctuation risk. The repayment date for the majority of the loans is within the next three years and the interest rates are variable, based on the cash generation forecasts by the companies. The risk of change in interest rates is considered to be limited due to the short-term nature of the payables, and in consideration of the fact that the loans are almost exclusively in Euro, the Danish Crown and US Dollars, which have a very flat short-term interest rate curve. The risk connected to structured operations, at present only marginal, is managed through determining the separation of the objectives of these operations between fixed and variable.

Segment information

The primary segment information of the Group is by geographical area, while the secondary segment information is by business segment.

The geographic areas in which the Group operates and which constitutes the primary sector information is as follows: Italy, Denmark, the other Scandinavian countries (Norway, Sweden and Iceland), Turkey, Egypt, the Far East (Malaysia and China) and the rest of the world (Luxembourg, Spain, Portugal, Poland, Russia and the USA). The Group's management and organisation structure principally reflects the primary geographic segment.

The Group's business activities which constitute the secondary segment information are as follows:

- the activities related to the production and sale of cement/clinker;
- the activities relating to construction materials: ready-mix concrete and aggregates;
- other activities: transport, cement pipes, alternative fuel and fuel distribution.

The operating activities are organised and managed by country and by type of activity. The geographic segments of the Group are comprised of the fixed activities of the individual entities resident and operating in identified regions. The cement/clinker activity provides a part of its production to the ready-mix segment.

The transactions for the exchange of goods and services between the segments are regulated at normal market conditions.

Primary Segment

The following table shows the revenues and results by geographic area for the period ended June 30th, 2006:

(Euro thousands)	Revenues	*Intra-segment revenues*	*Revenues from grants*	Segment result (EBITDA)	Result of companies valued at Equity
Italy	122,284	1,527	120,757	31,905	-
Denmark	178,430	6,036	172,394	36,833	(374)
Other Scand. countries	79,914	-	79,914	11,551	249
Turkey	107,133	796	106,337	29,710	-
Egypt	14,052	-	14,052	5,995	-
Far East	9,633	-	9,633	1,655	-
Rest of the world	11,509	-	11,509	954	3,016
(elimination for exchange between countries)	(8,359)	(8,359)	-	-	-
Total	**514,596**	**-**	**514,596**	**118,603**	**2,891**

The following table shows the revenues and results by geographic area for the period ended June 30th, 2005:

(Euro thousands)	Revenues	*Intra-segment revenues*	*Revenues from grants*	Segment result (EBITDA)	Result of companies valued at Equity
Italy	91,256	718	90,538	13,423	239
Denmark	146,658	943	145,715	33,591	-
Other Scand. countries	74,725	2,130	72,595	9,182	212
Turkey	67,191	753	66,438	17,819	-
Egypt	13,117	-	13,117	5,350	-
Far East	7,621	-	7,621	850	-
Rest of the world	11,106	-	11,106	1,937	2,436
(elimination for exchange between countries)	(4,544)	(4,544)	-	-	-
Total	**407,130**	**-**	**407,130**	**82,152**	**2,887**

The following table shows the other data of the geographic areas at June 30th, 2006:

(Euro thousands)	Segment assets	Segment liabilities	Tangible and intangible asset investments	Amortisation, depreciation, write-downs and provisions
Italy	357,841	285,343	9,745	7,504
Denmark	547,603	247,529	24,554	11,969
Other Scand. countries	119,169	46,646	4,808	3,654
Turkey	402,833	203,623	3,194	8,877
Egypt	54,786	29,989	865	1,016
Far East	39,375	4,674	584	974
Rest of the world	131,673	5,691	5,482	463
Total	**1,653,280**	**823,495**	**49,232**	**34,457**

The following table shows the other data of the geographic areas at December 31st, 2005 and at June 30th, 2005:

(Euro thousands)	31.12.2005		30.06.2005	
	Segment assets	Segment liabilities	Tangible and intangible asset investments	Amort., deprec., write-downs and provisions
Italy	387,518	289,713	5,905	6,944
Denmark	485,888	204,416	12,084	11,534
Other Scand. countries	113,595	41,733	3,823	3,541
Turkey	445,079	210,385	2,839	6,078
Egypt	57,497	31,954	812	994
Far East	42,532	5,286	648	956
Rest of the world	138,463	17,278	2,826	895
Total	**1,670,572**	**800,765**	**28,937**	**30,942**

Secondary Sector

The following table shows the data of the business segments at June 30th, 2006:

(Euro thousands)	Segment assets	Revenues	Investment in property, plant and equipment & intan. assets
Cement	1,270,433	311,834	38,875
Ready-mix	246,207	183,527	10,127
Other activities	136,640	19,236	230
TOTAL	**1,653,280**	**514,597**	**49,232**

The following table shows the data of the business segment at December 31st, 2005 and at June 30th, 2005:

(Euro thousands)	31.12.2005	30.06.2005	
	Segment assets	Revenues	Investment in property, plant and equipment & intan. assets
Cement	1,325,922	240,088	22,560
Ready-mix	215,946	150,994	3,679
Other activities	128,704	15,846	2,698
TOTAL	**1,670,572**	**406,928**	**28,937**

The following table shows the revenues from sales to customers for each of the geographic areas at June 30th, 2006:

(Euro thousands)	Italy	Denmark	Other Scand. countries	Turkey	Egypt	Far East	Rest of the world	Total

Revenues by geographic location of the clients	120,707	125,489	84,432	96,888	9,213	13,791	53,630	**504,150**

Transactions with related parties

The transactions with related parties are described in the directors' report on operations to which reference should be made.

Transactions with directors, statutory auditors and management of group companies

During the period, no loans were made to management with strategic responsibilities and the Group had no loans receivable at the balance sheet date from such persons.

Notes to the half-year report

1) Intangible assets

Intangible assets amount to Euro 438,890 thousand (Euro 474,847 thousand at December 31st, 2005) including intangible assets with definite useful lives of Euro 7,727 thousand (Euro 6,129 thousand at December 31st, 2005) and intangible assets with indefinite useful lives of Euro 431,162 thousand (Euro 468,718 thousand at December 31st, 2005).

Intangible assets with definite useful lives

At June 30th, 2006, the intangible assets with definite useful lives amounted to Euro 7,727 thousand (Euro 6,129 thousand at December 31st, 2005). In particular, the concession rights relate to the Danish companies operating in the cement sector and principally for quarry concessions. The other intangible assets refer to costs for the purchase and implementation of an IT system (SAP R3). The amortisation is determined on the basis of future utility.

(Euro thousands)	Developm ent costs	Concession rights	Assets in progress and on account	Other intangible assets	Total
Gross value at January 1st, 2005	**129**	**5,276**	**930**	**4,990**	**11,325**
Increases	-	116	625	675	1,416
Decreases	-	(27)	(765)	(1)	(793)
Translation differences	2	471	17	385	875
Reclassifications	-	-		1,751	1,751
Gross value at Dec. 31, 2005	**131**	**5,836**	**807**	**7,800**	**14,574**
Amortisation at January 1st, 2005	**70**	**3,279**	**-**	**3,894**	**7,243**
Amortisation	26	503	-	384	913
Decreases	-	-	-	(1)	(1)
Translation differences	-	53	-	237	290
Reclassifications	-	-	-	-	-
Amortisation at Dec. 31, 2005	**96**	**3,835**	**-**	**4,514**	**8,445**
Net value at December 31st, 2005	**35**	**2,001**	**807**	**3,286**	**6,129**

(Euro thousands)	Developm ent costs	Concession rights	Assets in progress and on account	Other intangible assets	Total
Gross value at January 1st, 2006	**131**	**5,836**	**807**	**7,800**	**14,754**
Increases	-	1,077	1,242	161	2,480
Decreases	-	-	(15)	-	(15)
Translation differences	(1)	(260)	(2)	(442)	(705)
Reclassifications	-	-	-	20	20
Gross value at June 30th, 2006	**130**	**6,653**	**2,032**	**7,539**	**16,354**
Amortisation at January 1st, 2006	**96**	**3,835**	**-**	**4,514**	**8,445**
Amortisation	9	269	-	189	467
Decreases	-	-	-	-	-
Translation differences	(1)	(50)	-	(234)	(285)
Reclassifications	-	-	-	-	-
Amortisation at June 30th, 2006	**104**	**4,054**	**-**	**4,469**	**8,627**
Net value at June 30th, 2006	**26**	**2,599**	**2,032**	**3,070**	**7,727**

Intangible assets with indefinite useful life

The intangible assets with indefinite useful lives are periodically subject to verifications to determine the existence of any reduction in permanent value.

At June 30th, 2006, the account amounts to Euro 431,162 thousand (Euro 468,718 thousand at December 31st, 2005) and includes the consolidation differences recognised following the acquisition of the Cimentas and Aalborg Portland groups. The decrease is principally due to the translation difference of the goodwill recognised by the subsidiary Cimentas following the write-down of the Turkish Lira against the Euro.

(Euro thousands)	30.06.2006 Turkey (Cimentas Group)	Denmark (Aalborg Unicon Group)	Total	31.12.2005 Turkey (Cimentas Group)	Denmark (Aalborg Unicon Group)	Total
Value at beginning of period	**213,473**	**255,245**	**468,718**	**109,612**	**253,196**	**362,808**
Increases	-	6,847	**6,847**	87,079	242	**87,321**
Decreases	-	(390)	**(390)**	-	-	**-**
Write-downs	-	-	**-**	-	-	**-**
Change in the consolidation scope	-	-	**-**	-	-	**-**
Translation differences	(44,140)	127	**(44,013)**	16,782	1,807	**18,589**
Value at end of period	**169,333**	**261,829**	**431,162**	**213,473**	**255,245**	**468,718**

2) Property, plant and equipment

At June 30th, 2006, property, plant and equipment amounted to Euro 681,387 thousand (Euro 695,982 thousand at December 31st, 2005).

The additional disclosures required for each property, plant and equipment are provided below:

(Euro thousands)	Land and buildings	Quarries	Plant and machinery	Others	Assets under construction	Total
Gross value at Jan. 1st, 2005	**326,270**	**10,455**	**876,322**	**57,315**	**11,819**	**1,282,181**
Increases	14,163	773	62,331	5,208	34,108	116,583
Decreases	(4,358)	(231)	(25,125)	(1,963)	-	(31,677)
Change in the consolidation scope	6,029	-	14,723	70	-	20,822
Translation differences	20,124		44,805	4,834	314	70,196
Reclassifications	(3,126)	1,427	31,975	627	(32,654)	(1,751)
Gross value at Dec. 31st, 2005	**359,102**	**12,543**	**1,005,031**	**66,091**	**13,587**	**1,456,354**
Depreciation at Jan. 1st, 2005	**158,140**	**1,283**	**464,149**	**40,540**	**-**	**664,112**
Depreciation	10,380	222	47,070	4,489	-	62,161
Decreases	(2,392)	(16)	(18,499)	(1,733)	-	(22,640)
Change in the consolidation scope	4,336	-	13,673	48	-	18,057
Translation differences	8,074	23	26,668	3,917		38,682
Reclassifications	(914)	1,013	(60)	(39)	-	-
Depreciation at Dec. 31st, 2005	**177,624**	**2,525**	**533,001**	**47,222**	**-**	**760,372**
Net value at Dec. 31st, 2005	**181,478**	**10,018**	**472,030**	**18,869**	**13,587**	**695,982**

(Euro thousands)	Land and buildings	Quarries	Plant and machinery	Others	Assets under construction	Total
Gross value at January 1st, 2006	**359,102**	**12,543**	**1,005,031**	**66,091**	**13,587**	**1,456,354**
Increases	1,682	-	6,840	1,404	29,984	39,910
Decreases	(228)	-	(4,335)	(3,968)	(206)	(8,737)
Change in the consolidation scope	10,232	(3,677)	4,953	18,439	-	29,947
Translation differences	(28,846)	(16)	(71,319)	(7,262)	(442)	(107,885)
Reclassifications	7	-	229	31	(287)	(20)
Gross value at June 30th, 2006	**341,949**	**8,850**	**941,399**	**74,735**	**42,636**	**1,409,569**
Depreciation at January 1st, 2006	**177,624**	**2,525**	**533,001**	**47,222**	**-**	**760,372**
Depreciation	4,901	60	23,584	2,781	-	31,326
Decreases	(83)	-	(4,203)	(3,773)	-	(8,059)
Change in the consolidation scope	652	(632)	4,028	3,615	-	7,663
Translation differences	(12,673)	(4)	(44,795)	(5,643)	-	(63,115)
Reclassifications	-	-	-	-	-	-
Depreciation at June 30th, 2006	**170,421**	**1,949**	**511,615**	**44,202**	**-**	**728,187**
Net value at June 30th, 2006	**171,528**	**6,901**	**429,784**	**30,533**	**42,636**	**681,382**

The useful life adopted by the Group is shown in the paragraph relating to the accounting principles to which reference should be made.

The net book value of the property, plant and equipment provided as guarantees on bank loans amounts to Euro 20,568 thousand at June 30th, 2006 (Euro 19,875 thousand at December 31st, 2005).

The amount of the costs recognised in the account property, plant and equipment at June 30th, 2006 amounts to Euro 39,910 thousand (Euro 116,583 thousand at December 31st, 2005) and Euro 19,200 thousand (Euro 17,775 thousand at December 31st, 2005) refers to the amount of contractual commitments for the purchase of property, plant and equipment.

3) Investment property

The account investment property amounting to Euro 23,000 thousand represents the fair value measurement, and has not changed compared to the previous year. The full value of the investment property has been provided as a guarantee for a bank loan.

4) Investments valued under the equity method

The account includes the share of equity in associated companies, consolidated under the equity method.

The table below summarises the data of the associated companies:

(Euro thousands)

Company	Curr.	Registered offices	**Assets**	**Liabilities**	**Revenues**	**Net profit / (loss) for the period**	% held
31.12.2005							
Speedybeton S.p.A.	EURO	Pomezia–RM (Italy)	14,735	7,628	21,839	850	30
Leigh White Cement Company joint venture	USD	Allentown (USA)	55,921	6,442	115,863	18,383	24.5
Aalborg Siam White Cement Pte Ltd	SGD	Singapore (Singapore)	130	2	264	(25)	50
Secil Unicon SGPS Lda *)	EURO	Lisbon (Portugal)	15,718	5,155	12,851	(57)	50
Sola Betong AS	NOK	Risavika (Norway)	5,157	2,198	11,500	1,133	33.3
Storsand Sandtak AS	NOK	Saette (Norway)	551	148	739	62	50
EKOL Unicon Spzoo	PLN	Gdansk (Poland)	5,564	1,801	10,184	1,010	49
Skancon A/S	DKK	Hinnerup (Denmark)	12,297	10,448	5,851	(161)	50
			110,074	**33,822**	**179,092**	**21,195**	
30.06.2006							
Speedybeton S.p.A.	EURO	Pomezia – RM (Italy)	13,879	7,150	9,610	150	30
Leigh White Cement Company joint venture	USD	Allentown (USA)	62,833	11,130	68,898	12,338	24.5
Aalborg Siam White Cement Pte Ltd	SGD	Singapore (Singapore)	176	0	0	(8)	50
Secil Unicon SGPS Lda *)	EURO	Lisbon (Portugal)	8,509	15	0	(490)	50
Sola Betong AS	NOK	Risavika (Norway)	5,984	3,158	4,979	571	33.3
Storsand Sandtak AS	NOK	Saette (Norway)	699	181	535	113	50
EKOL Unicon Spzoo	PLN	Gdansk (Poland)	5,394	1,414	4,083	414	49
Skancon A/S	DKK	Hinnerup (Denmark)	0	0	0	0	50
			83,594	**15,899**	**79,496**	**12,938**	

The book value of these investments and the share of the result for the parent company Cementir S.p.A. is summarised below:

(Euro thousands)

	Book value		**Share of result**	
	30.06.2006	**31.12.2005**	**First half 2006**	**First half 2005**
Speedybeton S.p.A.	2,123	2,123	-	239
Leigh White Cement Company joint venture	14,021	15,062	3,024	2,289
Aalborg Siam White Cement Pte Ltd	86	95	(4)	-
Secil Unicon SGPS Lda	2,943	3,166	(208)	85
Sola Betong AS	1,814	1,612	191	212
Storsand Sandtak AS	421	364	58	-
EKOL Unicon Spzoo	1,950	1,844	204	62
Skancon A/S	-	1,001	(374)	-
Total	**23,358**	**25,267**	**2,891**	**2,887**

5) Other investments

The other investments amounting to Euro 2,549 thousand (Euro 2,563 thousand at December 31st, 2005) refer to the investments held in the Toscocem Consortium (in liquidation) for Euro 15 thousand, unchanged compared to the previous year, and to the investments in other companies for Euro 2,549 thousand (Euro 2,548 thousand at December 31st, 2005) held in non-quoted companies, composed as follows:

(Euro thousands)	Cemencal S.p.A.	Immobiliaria Y Construciones Torresol SA	Calcestruzzi ed Inerti S.r.l.	Sipac S.p.A. (in liquidation)	Cimentas Egitim (Fondation)	Ataer A.S.	**Total**
Value at January 1st, 2005	**2,400**	**-**	**2**	**77**	**54**	**7**	**2,540**
Increases							-
Decreases			(2)				(2)
Translation differences					8	2	10
Value at Dec. 31, 2005	**2,400**	**-**	**-**	**77**	**62**	**9**	**2,548**
Value at January 1st, 2006	**2,400**	**-**	**-**	**77**	**62**	**9**	**2,548**
Increases							
Decreases							
Translation differences					(13)	(1)	(14)
Value at June 30th, 2006	**2,400**	**-**	**-**	**77**	**49**	**8**	**2,534**

6) Non-current financial assets

The account, equal to Euro 320 thousand (Euro 379 thousand at December 31st, 2005) principally relates to receivables for deposits due within five years.

7) Inventories

The breakdown of inventories is as follows:

(Euro thousands)	**30.06.2006**	**31.12.2005**
Raw materials, supplies and con. stores	60,014	59,216
Products in work-in-progress	14,073	15,431
Finished goods	19,013	19,551
Advances	1,265	1,212
Total inventories	**94,365**	**95,410**

8) Trade receivables

Trade receivables, amounting to a total of Euro 206,229 thousand (Euro 168,047 thousand at December 31st, 2005), are broken down as follows:

(Euro thousands)	**30.06.2006**	**31.12.2005**
Trade receivables	210,584	172,014
Provisions for doubtful debts	(4,355)	(3,967)
Total trade receivables	**206,229**	**168,047**

Trade receivables, originating from commercial transactions from the sale of goods and services, do not have significant credit risk concentration. The value of the trade receivables approximates their fair value.

9) Current financial assets

This account amounts to Euro 86,177 thousand (Euro 87,926 thousand at December 31st, 2005) and relate to liquid securities.

10) Other current assets

Other current assets, amounting to Euro 15,658 thousand (Euro 8,393 thousand at December 31st, 2005), consist of items not of a commercial nature. The breakdown of this account is as follows:

(Euro thousands)	**30.06.2006**	**31.12.2005**
VAT receivables	45	863
Receivables from employees	494	3,328
Other receivables	15,119	4,202
Total other current assets	**15,658**	**8,393**

The other receivables principally relate to prepayments, to the repayment of taxes paid in Denmark and an insurance reimbursement due.

11) Cash and cash equivalents

The account amounts to Euro 40,705 thousand (Euro 41,750 thousand at December 31st, 2005) and consists of the Group's liquidity, mainly in short-term investments. It consists of the following:

(Euro thousands)	**30.06.2006**	**31.12.2005**
Bank and postal deposits	38,345	41,196
Cash and cash equivalents	2,360	554
Total cash and cash equivalents	**40,705**	**41,750**

13) Shareholders' Equity

Group Shareholders' Equity

The reconciliation between shareholders' equity and the result at June 30th, 2006 of the parent company and the consolidated Group is shown in the directors' report.

Share capital

The share capital is represented by 159,120,000 ordinary shares with a nominal value of Euro 1 each, fully paid-in. There is no change from the previous year.

Translation reserve

The translation reserve at June 30th, 2006 is a negative amount of Euro 88,739 thousand and is comprised as follows:

(Euro thousands)	30.06.2006	31.12.2005	Changes
Turkey (Turkish Lira)	(89,724)	(17,370)	(72,354)
United States (Dollar)	(683)	1,673	(2,356)
Egypt (Egyptian Sterling)	(57)	915	(972)
Poland (Zloty)	534	625	(91)
Other countries	1,191	403	788
Total translation reserve	**(88,739)**	**(13,754)**	**(74,985)**

Minority interest shareholders' equity

The minority interest shareholders' equity at June 30th, 2006 amounts to Euro 35,782 thousand (Euro 35,753 thousand at December 31st, 2005). The net profit in the first half of 2006 was Euro 3,760 thousand compared to Euro 2,790 thousand in the first half of 2005.

13) Employee benefit provisions

Provisions have been accrued for employees and employee leaving indemnities. Employee leaving indemnity represents a liability, not financed and fully provisioned, relating to the benefits recognised to employees and paid either on termination or after employment service ends. This liability relates to the so-called defined benefit plans and therefore is determined applying the actuarial method.

The assumptions relating to the determination of the plan are summarised in the table below:

Values in %	30.06.2006	31.12.2005
Annual technical discounting rate	3.7% - 6% - 5.5%	3.3% - 6% - 5.5%
Annual increase in salaries	1.9% - 3%	1.9% - 3%
Annual increase in employee leaving indemnity	2.8%	3%

The amounts recognised in the balance sheet were as follows:

(Euro thousands)	30.06.2006	31.12.2005
Nominal value of the provision	19,651	20,345
Adjustment for discounting	(4,028)	(4,050)
Total provision for employees	**15,624**	**16,296**

The movements are as follows:

(Euro thousands)	30.06.2006	31.12.2005
Net liability at beginning of period	**16,296**	**14,818**
Current cost of the services	1,042	1,755
Financial expenses of the services	178	371
Net actuarial profit/(loss) recognised in the period	(420)	(790)
Change in the consolidation scope	-	-
Translation differences	(623)	446
Other changes	(22)	799
(Services paid)	(827)	(1,103)
Net liability at end of period	**15,624**	**16,296**

14) Provisions

The non-current and current provisions amount to Euro 11,722 thousand (Euro 11,608 thousand at December 31st, 2005) and Euro 54 thousand (Euro 1,235 thousand at December 31st, 2005) respectively and are composed of:

(Euro thousands)	Quarry restructuring provision	Legal prov.	Other provisions	Total Provisions	Non current provisions	Current provisions
Value at January 1st, 2005	**3,048**	**1,344**	**6,532**	**10,924**	**10,220**	**704**
Provisions		172	3,105	3,277		
Utilisations			(390)	(390)		
Decreases	(968)			(968)		
Value at December 31st, 2005	**2,080**	**1,516**	**9,247**	**12,843**	**11,608**	**1,235**
Value at January 1st, 2006	**2,080**	**1,516**	**9,247**	**12,843**	**11,608**	**1,235**
Provisions		163	2,012	2,175		
Utilisations		(114)	(757)	(871)		
Decreases			(1,949)	(1,949)		
Translation differences			(422)	(422)		
Value at June 30th, 2006	**2,080**	**1,565**	**8,131**	**11,776**	**11,722**	**54**

The quarry restructuring provision is made in relation to cleaning and maintenance interventions on the quarries for the excavation of raw materials to be made by the end of the utilisation concessions.

15) Trade payables

The value of the trade payables approximates their own fair value, they are detailed below:

(Euro thousands)	30.06.2006	31.12.2005
Trade payables	135,161	130,531
Payables to group companies	130	1,588
Advances	953	2,107
Total trade payables	**136,244**	**134,226**

16) Financial liabilities

Non-current and current financial liabilities are shown below:

(Euro thousands)	**30.06.2006**	**31.12.2005**
Payables to banks	216,127	221,302
Payables to other lenders	27,684	30,783
Non-current financial liabilities	**243,811**	**252,085**
Payables to banks	285,670	257,363
Short-term portion of non-current loans	5,539	6,057
Payables to other lenders	10,043	7,801
Other financial payables	10,660	9,789
Fair value of the hedging instruments	110	413
Current financial liabilities	**312,022**	**281,423**
Total financial liabilities	**555,833**	**533,508**

Net financial position

(Euro thousands)	**30.06.2006**	**31.12.2005**
Cash	2,360	554
Other liquid assets	38,345	41,196
Cash and cash equivalents	*40,705*	*41,750*
Current financial assets	*86,177*	*87,840*
Bank payables – current portion	(291,209)	(263,419)
Other current financial payables	(20,813)	(18,004)
Current debt	*(312,022)*	*(281,423)*
Net current financial debt	**(185,140)**	**(151,833)**
Non-current debt	**(243,491)**	**(251,706)**
Net debt	**(428,631)**	**(403,539)**

The net debt to related parties represents 2% of the group net debt and relates to the residual payable to Vianini Industria S.p.A. for the acquisition of the US company Vianini Pipe Inc.

17) Liabilities for current taxes

They amount to Euro 4,203 thousand (Euro 4,946 thousand at December 31st, 2005) and refer to estimated income taxes for the period.

18) Other current liabilities

(Euro thousands)	30.06.2006	31.12.2005
Payables to personnel	9,930	9,527
Payables to social security institutions	2,202	2,707
Other payables	30,913	18,697
Total other current liabilities	**43,045**	**30,931**

19) Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the assessable taxable income and the result from the financial statements.

Deferred tax liabilities, amounting to Euro 56,770 thousand (Euro 68,015 thousand at December 31st, 2005) and the deferred tax assets, amounting to Euro 36,968 thousand (Euro 40,496 thousand at December 31st, 2005), were determined as follows:

(Euro thousands)	01.01.2006	Provisions net of utilisations recognised	Changes in net equity	Changes in consolidation scope	30.06.2006
Deferred tax liabilities					
Differences fiscal depreciation	37,430	(4,116)	(4,254)	4,202	33,262
Plant revaluation	19,300	3,218	(14,527)	-	7,991
Others	11,285	(46)	4,278	-	15,517
Total deferred tax liabilities	**68,015**	**(944)**	**(14,503)**	**4,202**	**56,770**
Deferred tax assets					
Fiscal losses carried forward	22,287	5,163	(1,560)	212	26,102
Provision for risks &	1,895	(7)	-	-	1,888
Write down of invest.	13,800	(9,851)	-	-	3,949
Others	2,514	(1,740)	4,255	-	5,029
Total deferred tax assets	**40,496**	**(6,435)**	**2,695**	**212**	**36,968**

20) Revenues

(Euro thousands)	First half 2006	First half 2005
Revenues from sales of products	488,145	395,034
Revenues from services	16,005	11,894
Total revenues – goods and services	**504,150**	**406,928**

21) Other operating revenues

(Euro thousands)	First half 2006	First half 2005
Rent, leases and hire expenses	1,407	1,094
Gains	1,517	141
Release of risk provisions	1,949	-
Insurance reimbursements	2,360	-
Other income and revenues	2,141	2,906
Total other operating revenues	**9,374**	**4,141**

22) Raw material costs

(Euro thousands)	First half 2006	First half 2005
Purchase of raw materials and semi-finished	99,186	76,082
Purchase of fuel	38,678	31,701
Electricity	33,649	26,946
Purchase of finished goods	4,267	3,170
Purchases of other materials	31,559	23,776
Changes in inventory of raw materials, consumable materials and goods	(4,208)	(2,576)
Total raw materials costs	**203,131**	**155,928**

23) Personnel costs

(Euro thousands)	First half 2006	First half 2005
Salaries and wages	56,534	48,767
Social expenses	7,851	6,056
Other costs	4,124	3,361
Total personnel costs	**68,509**	**58,184**

The Group employees in the period can be broken down as follows:

	30.06.2006	31.12.2005
Executives	69	69
Managers & white-collar	1,509	1,481
Blue collar	1,946	1,576
Total	**3,524**	**3,126**

In particular, at June 30th, 2006 the number of employees of the Parent Company Cementir and the Italian subsidiaries was 589 (575 at December 31st, 2005), while the number of employees in the Cimentas Group was 943 (888 at December 31st, 2005), in the Aalborg Group 1,032 (1,007 at December 31st, 2005) and the Unicon Group 960 (656 at December 31st, 2005).

24) Other operating costs

(Euro thousands)	First half 2006	First half 2005
Transport	56,737	52,394
Services and maintenance	32,511	28,830
Consultants fees	2,562	2,284
Insurance premiums	2,248	1,996
Other services	16,206	13,306
Rent, leases and hire expenses	4,774	3,792
Indirect taxes	4,114	3,659
Other operating costs	5,201	4,624
Total other operating costs	**124,353**	**110,886**

25) Amortisation, depreciation, write-downs and provisions

(Euro thousands)	First half 2006	First half 2005
Amortisation of intangible assets	467	416
Depreciation of tangible assets	31,326	29,636
Provisions	2,175	369
Write-downs	489	521
Amortisation, depreciation, write-downs and provisions	**34,457**	**30,942**

26) Financial management result and share of companies valued under the equity method

The negative result in the first half of 2006 of Euro 18,460 thousand (Euro 2,889 thousand in the first half of 2005), refers to the results of the companies measured under the equity method and the financial management result, and is composed of:

(Euro thousands)	First half 2006	First half 2005
Profits from investments measured at equity	3,473	2,887
Losses from investments measured at equity	(582)	-
Net result of the companies measured at equity	**2,891**	**2,887**
Interest and financial income	6,197	2,719
Interest payable	(14,274)	(7,729)
Other financial expenses	(665)	(574)
Total financial income and expenses	*(8,742)*	*(5,584)*
Net exchange differences	*(13,531)*	*919*
Revaluations of investments	4,091	-
Write down of equity investments	(3,169)	(1,111)
Total revaluations/write-downs	*922*	*(1,111)*
Net financial result	**(21,351)**	**(5,776)**
Net financial management result and share of companies valued under the equity method	**(18,460)**	**(2,889)**

In relation to the net exchange differences, they principally relate to the devaluation of the Turkish Lira\ against the US Dollar.

27) Income taxes

The total income taxes amount to Euro 10,617 thousand (Euro 14,666 thousand in the first half of 2005), and is composed of a current tax charge of Euro 5,127 thousand and a deferred tax charge of Euro 5,491 thousand.

The Chairman
of the Board of Directors

Annex

Annex 1

List of companies included in the consolidation area :

Company	Registered offices	Year end
Cementir S.p.A. – Parent Company	Rome (Italy)	31/12/2006
Aalborg Cement Company Inc.	Dover (USA)	31/12/2006
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2006
Aalborg Portland Island HF	Kopavogur (Iceland)	31/12/2006
Aalborg Portland Polska Spzoo	Warszawa (Poland)	31/12/2006
Aalborg Portland US Inc	Dover (USA)	31/12/2006
Aalborg Portland White A/S	Aalborg (Denmark)	31/12/2006
Aalborg Portland White China A/S	Aalborg (Denmark)	31/12/2006
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2006
Aalborg White (Philippines) Inc.	Manila (The Phillipines)	31/12/2006
Aalborg White Anqing Co Ltd	Anqing (China)	31/12/2006
Aalborg White Asia Sdn Bhd	Perak (Malaysia)	31/12/2006
Aalborg White Cement Pty Ltd	Sydney (Australia)	31/12/2006
Aalborg White Italia S.r.l.	Rome (Italy)	31/12/2006
Aalborg White OOO	St. Petersburg (Russia)	31/12/2006
AB Sydsten	Malmö (Sweden)	31/12/2006
AGAB Syd AB	Malmö (Sweden)	31/12/2006
Alfacem S.r.l.	Rome (Italy)	31/12/2006
Bakircay A.S.	Izmir (Turkey)	31/12/2006
Calcestruzzi Picciolini S.p.A.	Rome (Italy)	31/10/2006
Cem 2004 S.r.l.	Rome (Italy)	31/12/2006
Cementir Delta S.p.A.	Rome (Italy)	31/12/2006
Cementir Espana S.L.	Madrid (Spain)	31/12/2006
CemMiljo A/S	Aalborg (Denmark)	31/12/2006
Cimbeton A.S.	Izmir (Turkey)	31/12/2006
Cimentas A.S.	Izmir (Turkey)	31/12/2006
Destek A.S.	Izmir (Turkey)	31/12/2006
Ekblads Betong AB	Jönköping (Sweden)	31/12/2006
Everts Betongpumpning AB	Halmstad (Sweden)	31/12/2006
Forserumsten HB	Växjö (Sweden)	31/12/2006
4K Beton A/S	Copenaghen (Denmark)	31/12/2006
Gaetano Cacciatore Inc.	Somerville N.J.(USA)	31/12/2006
Globocem S.L.	Madrid (Spain)	31/12/2006
Intercem S.A.	Luxembourg (Lux.)	30/11/2006
JEPA Grus og Container	Malmö (Sweden)	31/12/2006

Annex 1 (*continued*)

Company	Registered offices	Year end
Kars Cimento A.S.	Kars (Turkey)	31/12/2006
Kobenhavns Betonfabrik A/S	Roskilde (Denmark)	31/12/2006
SCI Marketing & Services Sdn Bhd.	Perak (Malaysia)	31/12/2006
Sinai White Portland Cement Co. S.A.E.	Cairo (Egypt)	31/12/2006
Skancon A/S	Copenhagen (Denmark)	31/12/2006
Skane Grus AB	Malmö (Sweden)	31/12/2006
Skim Coat Industries Sdn Bhd	Perak (Malaysia)	31/12/2006
Sydsten Helsingborg AB	Helsingborg (Sweden)	31/12/2006
Unicon A/S	Roskilde (Denmark)	31/12/2006
Unicon AS	Sandvika (Norway)	31/12/2006
Vianini Pipe Inc.	Somerville (USA)	31/12/2006
Yapitek A.S.	Izmir (Turkey)	31/12/2006

List of associated companies valued at equity method:

Company	Registered offices	Year end
Aalborg Siam White Cement Pte Ltd	Singapore (Singapore)	31/12/2006
EKOL Unicon Spzoo	Gdansk (Poland)	31/12/2006
Leigh White Cement Company joint venture	Allentown (USA)	31/12/2006
Secil Unicon SGPS Lda	Lisbon (Portugal)	31/12/2006
Sola Betong AS	Risavika (Norway)	31/12/2006
Speedybeton S.p.A.	Pomezia - RM (Italy)	31/12/2006
Storsand Sandtak AS	Saetre (Norway)	31/12/2006

Annex 2

List of equity investments as at June 30th, 2006 as per Art. 120 of Legs. Decree 24.02.1998 No.58 (in accordance with article 126 of CONSOB Resolution No. 11971 of May 14th, 1999)

Company	Registered offices	Share Capital	Curr.	Type of possession % Direct	% Indirect	% held	% held by Group Companies
Cementir S.p.A.	Rome (I)	159,120,000	EURO				Parent Company
Aalborg Cement Company Inc.	Dover (USA)	1,000	USD		100	100	Aalborg Portland US Inc.
Aalborg Portland A/S	Aalborg (DK)	300,000,000	DKK		75	75	Cementir Espana SL
					25	25	Globocem SL
Aalborg Portland Island HF	Kopavogur (IS)	303,000,000	ISK		100	100	Aalborg Portland A/S
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	100	Aalborg Portland A/S
Aalborg Portland US Inc	Dover (USA)	100,000	USD		100	100	Aalborg Portland A/S
Aalborg Portland White A/S	Aalborg (DK)	4,001,000	DKK		100	100	Aalborg Portland A/S
Aalborg Portland White China A/S	Aalborg (DK)	9,500,000	DKK		70	70	Aalborg Portland White A/S
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	100	Aalborg White Asia Sdn Bhd
Aalborg Siam White Cement Pte Ltd	Singapore (SGP)	500,000	USD		50	50	Aalborg White Asia Sdn Bhd
Aalborg White (Philippines) Inc.	Manila (PHI)	10,000,000	PHP		100	100	Aalborg White Asia Sdn Bhd
Aalborg White Anqing Co Ltd	Anqing (VR)	49,617,097	CNY		100	100	Aalborg Portland White China A/S
Aalborg White Asia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	70	Aalborg Portland White A/S
Aalborg White Cement Pty Ltd	Sydney (AUS)	1,000	AUD		100	100	Aalborg White Asia Sdn Bhd
Aalborg White Italia S.r.l.	Rome (I)	10,000	EURO		82	82	Aalborg Portland White AS
Aalborg White OOO	St. Petersburg (RUS)	12,600,000	RUB		70	70	Aalborg Portland A/S
AB Sydsten	Malmö (S)	15,000,000	SEK		50	50	Kobenhavns Betonfabrik A/S
AGAB Syd AB	Malmö (S)	120,000	SEK		50	50	AB Sysden
Alfacem S.r.l.	Rome (I)	1,010,000	EURO		99.01	99.01	Cimentas A.S.
				0.99		0.99	Cementir S.p.A.
Bakircay A.S.	Izmir (TR)	420,000	TRY		97.86	97.86	Kars Cimento A.S.
					2.14	2.14	Yapitek A.S.
Calcestruzzi Picciolini S.p.A.	Rome (I)	104,000	EURO	99.88		99.88	Cementir S.p.A.
Cem 2004 S.r.l.	Rome (I)	10,000	EURO	99.99		99.99	Cementir S.p.A.
					0.01	0.01	Cementir Delta S.p.A.
Cementir Delta S.p.A.	Rome (I)	38,218,040	EURO	99.99		99.99	Cementir S.p.A.
Cementir Espana S.L.	Madrid (E)	3,007	EURO		100	100	Cementir Delta S.p.A.
CemMiljo A/S	Aalborg (DK)	1,090,950	DKK		100	100	Aalborg Portland A/S
Cimbeton A.S.	Izmir (TR)	1,770,000	TRY		84.68	84.68	Cimentas A.S.
					0.06	0.06	Yapitek A.S.
Cimentas A.S.	Izmir (TR)	31,500,000	TRY		77.98	77.98	Intercem Sa
				19		19	Cementir S.p.A.
					0.12	0.12	Cimbeton A.S.

Annex 2 (*continued*)

Company	Registered offices	Share Capital	Curr.	Type of possession % Direct	Type of possession % Indirect	% held	% held by Group Companies
					99.93	99.93	Cimentas A.S.
					0.02	0.02	Cimbeton A.S.
Destek A.S.	Izmir (TR)	50,000	TRY		0.02	0.02	Yapitek A.S.
					0.02	0.02	Bakircay A.S.
					0.01	0.01	Cimentas Foundation
Ekblads Betong AB	Jönköping (S)	500,000	SEK		75	75	AB Sysden
EKOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	49	Unicon A/S
Everts Betongpumpning AB	Halmstad (S)	100,000	SEK		51	51	AB Sysden
Forserumsten HB	Växjö (S)	1,800,000	SEK		50	50	AB Sysden
4K Beton A/S	Copenhagen (DK)	100,000,000	DKK		100	100	Unicon A/S
Gaetano Cacciatore Inc.	Somerville N.J.(USA)	4,000,000	USD		100	100	Aalborg Cement Company Inc
Globocem S.L.	Madrid (E)	3,007	EURO		100	100	Alfacem S.r.l.
				99		99	Cementir S.p.A.
Intercem S.A.	Luxemburg (L)	100,000	EURO		1	1	Calcestruzzi Picciolini SpA
JEPA Grus og Container	Malmö (S)	100,000	SEK		100	100	Skane Grus AB
Kars Cimento A.S.	Kars (TR)	1,000,000	TRY		99.99	99.99	Cimentas A.S.
Kobenhavns Betonfabrik A/S	Roskilde (DK)	2,000,000	DKK		100	100	Unicon A/S
Leigh White Cement Company Joint venture	Allentown (USA)	-	USD		24.5	24.5	Aalborg Cement Company Inc
SCI Marketing & Services Sdn Bhd.	Perak (MAL)	40,002	MYR		100	100	Aalborg White Asia Sdn Bhd
Secil Unicon SGPS Lda	Lisbon (P)	4,987,980	EURO		50	50	Unicon A/S
Sinai White Portland Cement Co. S.A.E.	Cairo (ET)	170,000,000	EGP		57.14	57.14	Aalborg Portland White A/S
Skancon A/S	Copenaghen (DK)	15,000,000	DKK		100	100	Unicon A/S
Skane Grus AB	Malmö (S)	1,000,000	SEK		60	60	AB Sysden
Skim Coat Industries Sdn Bhd	Perak (MAL)	480,002	MYR		100	100	Aalborg White Asia Sdn Bhd
Sola Betong AS	Risavika (N)	9,000,000	NOK		33.3	33.3	Unicon AS
Speedybeton S.p.A.	Pomezia - RM (I)	300,000	EURO	30		30	Cementir S.p.A.
Storsand Sandtak AS	Saetre (N)	105,000	NOK		50	50	Unicon A/S
Sydsten Helsingborg AB	Helsingborg (S)	100,000	SEK		75	75	AB Sysden
Unicon A/S	Roskilde (DK)	150,000,000	DKK		100	100	Aalborg Portland A/S
Unicon AS	Sandvika (N)	13,289,100	NOK		100	100	Unicon A/S
Vianini Pipe Inc.	Somerville N.J.(USA)	4,483,396	USD		99.99	99.99	Unicon AS
					98.75	98.75	Cimentas A.S.
Yapitek A.S.	Izmir (TR)	50,000	TRY		1.25	1.25	Cimbeton A.S.

Cementir S.p.A.

Cementir S.p.A. financial statements

BALANCE SHEET

(in Euro)	30/06/2006	31/12/2005
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	378,617	323,008
Property, plant and equipment	185,758,206	183,181,010
Investment property	23,000,000	23,000,000
Equity investments valued at equity method	0	0
Other equity investments	210,334,469	210,334,469
Non-current financial assets	250,062	309,110
Deferred tax assets	28,570,913	36,702,096
Other non-current assets		
TOTAL NON-CURRENT ASSETS	**448,292,267**	**453,849,693**
CURRENT ASSETS		
Inventories	27,769,996	28,968,557
Trade receivables	93,978,545	77,321,370
Equity investments and current securities	0	0
Current financial assets	342,111,264	341,263,367
Current tax assets	24,617	267,812
Other current assets	1,785,476	423,750
Cash and cash equivalents	1,749,427	7,654,734
TOTAL CURRENT ASSETS	**467,419,325**	**455,899,590**
TOTAL ASSETS	**915,711,592**	**909,749,283**
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	159,120,000	159,120,000
Share premium reserve	22,710,275	22,710,275
Other reserves	425,804,883	416,097,183
Profit (loss) for the period	13,506,926	23,232,899
TOTAL SHAREHOLDERS' EQUITY	**621,142,084**	**621,160,357**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefits provisions	7,306,985	7,648,650
Non current provisions	4,250,809	4,250,809
Non-current financial liabilities	41,836,146	46,049,142
Deferred tax liabilities	17,361,218	17,883,501
Other non-current liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	**70,755,158**	**75,832,102**
CURRENT LIABILITIES		
Current provisions	0	0
Trade payables	57,438,399	59,669,548
Current financial liabilities	154,808,941	131,391,453
Liabilities current taxes	1,289,738	14,694,204
Other current liabilities	10,277,272	7,001,619
TOTAL CURRENT LIABILITIES	**223,814,350**	**212,756,824**
TOTAL LIABILITIES	**294,569,508**	**288,588,926**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**915,711,592**	**909,749,283**

INCOME STATEMENT

(in Euro)	30/06/2006	30/06/2005
REVENUES	**120,410,098**	**96,757,968**
Change in inventories	(596,964)	(3,440,704)
Increases for internal work	22,828	70,010
Other operating revenues	390,713	582,766
TOTAL OPERATING REVENUES	**120,226,675**	**93,970,040**
Raw material costs	(49,021,819)	(41,189,170)
Personnel costs	(12,914,516)	(12,400,025)
Other operating costs	(26,368,731)	(25,385,134)
TOTAL OPERATING COSTS	**(88,305,066)**	**(78,974,329)**
EBITDA	**31,921,609**	**14,995,711**
Amortisation, depreciation, write-downs and provisions	(7,456,140)	(7,175,403)
EBIT	**24,465,469**	**7,820,308**
Net result of equity investments valued at equity method		
Net result of financial costs	(1,484,376)	4,601,776
NET RESULT OF FINANCIAL COSTS AND EQUITY INVESTMENTS VALUED AT EQUITY METHOD	**(1,484,376)**	**4,601,776**
PROFIT BEFORE TAX	**22,981,093**	**12,422,084**
Income taxes	(9,474,167)	(3,710,542)
NET PROFIT FOR THE PERIOD	**13,506,926**	**8,711,542**

Cementir S.p.A.

Cash flow statement

(in Euro)	June 30, 2006	Dec. 31, 2005
Profit for the period	**13,507**	**23,233**
Amortisation & depreciation	6,979	13,499
(Revaluations) and write-downs	477	384
Net financial result	1,484	(5,252)
(Gains) losses on disposals	0	79
Income taxes	9,474	3,196
Change in employee benefit provisions	(342)	94
Changes in current and non-current provisions	0	2,014
Operating cash flow before working capital changes	**31,579**	**37,247**
(Increase)/Decrease in inventories	1,199	(905)
(Increase)/Decrease in trade receivables	(17,136)	(6,036)
Increase/(Decrease) in trade payables	(2,231)	(847)
Change in other current and non-current liabilities	1,914	(290)
Change in deferred and current income taxes	22	(25,554)
Operating cash flow	**15,347**	**3,615**
Dividends received	158	5,543
Interest received	1,580	3,866
Interest paid	(3,104)	(4,298)
Income tax paid	(15,048)	0
Cash flow from operating activity (A)	**(1,067)**	**8,726**
Investments in intangible fixed assets	(112)	(254)
Investments in tangible fixed assets	(9,500)	(10,667)
Sale of intangible assets	0	0
Sale of tangible assets	0	0
Sale of equity investments and non-current securities	0	0
Other investment activity changes	0	0
Cash flow from investing activities (B)	**(9,612)**	**(10,921)**
Change in non-current financial assets and liabilities	(4,154)	(4,536)
Change in current financial assets and liabilities	22,451	(2,034)
Dividends distributed	(13,519)	(11,138)
Other net equity changes	(5)	25,767
Cash flow from financing activity (C)	**4,773**	**8,059**
Net change in cash and cash equivalents (A+B+C)	**(5,906)**	**5,864**
Cash and cash equivalents at the beginning of the period	**7,655**	**1,791**
Cash and cash equivalents at the end of the period	**1,749**	**7,655**

Statement of change in shareholders' equity

(Euro thousands)	Share Capital	Share premium reserve	Legal reserve	Reserve for treasury shares	Revaluation reserve	Capital grants	Provision art.15 L.67/88	Provision L.349/95	Other reserves (FTA)	Retained earnings	Net profit/(loss) for per.	Total Shareholders' Equity
Shareholder' equity at January 1st, 2005	**159,120**	**15,052**	**7,859**	**13,000**	**97,733**	**13,207**	**138**	**12**	**72,882**	**-**	**204,297**	**583,300**
Allocation of the 2004 net result		7,658	23,965							161,536	(139.159)	**-**
Dividends distributed 2004											(11,138)	**(11,138)**
Property, plant and equipment									26,006		11,896	**37,902**
Inventories at I FIFO											1,988	**1,988**
Other IFRS impact										(247)	608	**361**
Contributions Cashed								7				**7**
Result for the year											8,741	**8,741**
Shareholders' equity at December 31, 2005	**159,120**	**22,710**	**31,842**	**13,000**	**97,733**	**13,207**	**138**	**19**	**98,888**	**161,289**	**23,233**	**621,161**
Allocation of the 2005 net result										(4,784)	(8,741)	**(13,525)**
Dividends distributed 2005										14,492	(14,492)	**-**
Result for the period											13,507	**13,507**
Shareholders' equity at June 30th, 2006	**159,120**	**22,710**	**31,842**	**13,000**	**97,733**	**13,207**	**138**	**19**	**98,888**	**170,997**	**13,507**	**621,143**

Transition to International Financial Reporting Standards (IAS/IFRS) of the parent company Cementir S.p.A.

Introduction

Following the entry into force of European Regulation No. 1606 of July 2002 and in relation to legislative decree No. 38/2005 and of the Issuers' Regulation No. 11971/1999, as amended by Consob Resolution No. 14990 of April 14th, 2005, starting from 2006 the companies issuing financial instruments on regulated markets must draw up the parent company's financial statements in compliance with international financial reporting standards. Therefore, Cementir S.p.A., from January 1st, 2006, has adopted international accounting standards (International Accounting Standards - IAS or International Financial Reporting Standards - IFRS), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC) approved by the European Commission, hereafter "IFRS", with the transition date to IFRS of January 1st, 2005. The previous financial statements of Cementir S.p.A. prepared in compliance with the rules of law and the Italian accounting standards relate to the year 2005.

As required by IFRS No. 1, paragraphs 39 and 40, the present document contains the reconciliation of the shareholders' equity at January 1st, 2005 and at December 31st, 2005 and of the result for the year ended December 31st, 2005, between the values determined in compliance with the rules of law and with IFRS, together with the relative explanatory notes on the adjustments.

The balance sheet and the income statement, attached to the interim consolidated financial statements, were drawn up only for the purposes of the transition project for the drawing up of the first financial statements in accordance with IFRS, and, therefore, do not contain the necessary explanatory notes that would be required to represent the balance sheet, the financial position and the result of Cementir S.p.A. in compliance with IFRS standards.

It should also be noted that the schemes were drawn uo in acompliance with the current IAS/IFRS in force. However, these standards may not be those applicable at December 31st, 2006 due to the new orientations of the European Commission in relation to their standardisation or the issue of new standards or interpretations by the competent authorities for which it will be possible to apply advanced application and, therefore, the data presented may be changed in order to utilise these comparative data of the first financial statements drawn up in accordance with IFRS.

Adoption of IFRS 1

For the adoption of international accounting standards, the company has applied the provisions contained in IFRS 1 - First-time adoption of International Financial Reporting Standards. This standard provides that, where the Parent Company adopts the international accounting standards first in the consolidated financial statements and subsequently in the individual financial statements, the assets and liabilities must be recognised for the same amount in both financial statements, except for consolidation adjustments.

Therefore, the reconciliation statements attached reflect the same accounting standards and the same options contained in IFRS 1 adopted in the preparation of the consolidated financial statements of the Cementir Group relating to the year 2005, with the exception of the standard relating to the valuation of the investments in subsidiaries and associated companies.

Accounting principles and valuation criteria

Vasis of presentation

The functional and presentation currency of Cementir S.p.A. is the Euro.

Translation criteria of foreign currencies

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost are translated using the exchange rate at the initial date of recognising of the operation.

Intangible assets with finite useful lives

Intangible assets are recognised at cost, including direct accessory costs necessary in order to render the asset available for use.

Intangible assets with finite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation is calculated on a straight line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.

On the sale or when there is no expected future economic benefits from the use of an intangible asset, this is eliminated from the financial statements and any loss or gain (calculated as difference between the disposal value and the book value) is recognised in the income statement in the year of the above mentioned elimination.

Property, plant and equipment

Property, plant and equipment are recognised at cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired, and increased, in the presence of current obligations, by the current value of the estimated cost for the disposal of the asset. Where significant parts of these tangible assets have different useful lives, these components are recognised separately. Land, both constructible and relating to civil and industrial buildings, is not depreciated in that it has an unlimited useful life.

Property, plant and equipment are recognised net of the relative accumulated depreciation and any impairment determined in accordance with the procedures described below. Depreciation is calculated on a straight line basis over the estimated useful life of the asset, reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.

On the sale or when no future economic benefits are expected from the use of a tangible asset, this is eliminated from the financial statements and any loss or gain (calculated as the difference between the disposal value and the book value) is recognised in the income statement in the year of the above mentioned elimination.

Investment property

Property investments are measured at market value and are not depreciated. The changes in value are recognised in the income statement.

Investments in subsidiaries and associates

All the companies in which Cemntir S.p.A. has the power to determine, directly or indirectly, the financial and operating policies of the entity, so as to obtain benefits from its activities are considered as subsidiary companies.

The associated companies are the companies in which Cementir S.p.A. exercises a considerable influence but does not exercise control or joint control of the financial and operating policies.

The above-mentioned equity investments are recognised at cost adjusted for impairment.

Impairment

At each period end, the book value of intangible and tangible assets are subject to verification, to recognise the existence of events or changes that indicate that the book value may not be recovered. If an indication of this type exists, their recoverable amount must be determined and, in the case in which the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable amount. Goodwill and that of other indefinite intangible assets are however estimated at each balance sheet date or, in any case when there is a change in circumstances or specific events that require this.

The recoverable amount of the tangible and intangible assets is the higher value between the current value, net of the selling costs and their value of use.

In defining the value of use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the activity. For an asset that does not generate sufficient independent cash flows, the realisable amount is determined in relation to the generation unit of the cash flows to which the assets belongs. The impairments are recognised in the Income Statement under the account amortisation, depreciation and write down costs.

Inventories

Raw materials, semi-finished and finished products are valued at the lower of cost and market value. The purchase cost is calculated using the FIFO method.

Financial Instruments

Equity investments in other companies

The investments in other companies are measured at fair value with the recognising of any gain or loss directly in the income statement. When the fair value cannot be reliably determined, these investments are valued at cost adjusted for reductions in value, whose effects are recognised in the income statement. Write-downs may not be subsequently restated.

Trade receivables

Trade receivables, which mature within the normal commercial terms, are not discounted and are recognised at amortised cost using the effective interest rate method (identified by their nominal value), net of any reductions in value. The reductions in value are determined on the basis of the current expected value of future cash flows.

Cash and cash equivalents

Cash and cash equivalents include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

For the purposes of the cash flow statement, cash and cash equivalents are recognised net of bank overdrafts at the balance sheet date.

Financial liabilities and trade payables

Financial liabilities and trade payables are initially recognised at fair value net of directly allocated transaction costs. Thereafter, they are valued at the amortised cost criteria, using the original effective interest rate method.

Shareholders' equity

Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as net equity movements.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the termination of employment and relating to defined benefit programmes (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right. The valuations of the liabilities are made by independent actuaries.

Provisions for risks and expenses

Provisions for risks and expenses are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

Provisions for risks and expenses are recognised when, at the balance sheet date, a legal or implicit obligation exists that derives from a past event and a payment of resources is a probable requirement to satisfy the obligation, and the amount of this payment can be estimated. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted; the increase of the provision due to the passing of time is recognised as a financial expense. If the liability relates to a tangible asset (example reclamation of sites), the counterparty of the provision is recognised under the asset to which it refers; the recognising of the charge to the income statement is made through the process of depreciation of the tangible asset to which the charge refers to.

Grants

The grants, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment.

The grants received against specific expenses are recognised under other liabilities and credited to the income statement in the period in which the related costs mature.

The grants received against specific assets whose value is recognised under tangible assets are recognised either as a direct reduction of tangible assets or under other liabilities and credited to the income statement in relation to the depreciation period to which the asset refers.

Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognising.

Revenues

Revenues are recognised in accordance with the probability that the company will receive economic benefits and the amount can be determined reliably. Revenues are recognisednet of returns, discounts and allowances.

In particular, the revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser.

Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Financial income and expenses

Financial income and expenses are recognised on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

Dividends are recognised when the right of the shareholders to receive the payment arises.

Income taxes

Current income taxes for the period are determined based on an estimate of the taxable assessable income and in accordance with current legislation.

Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values recognised in the interim consolidated financial statements and the corresponding values recognised for fiscal purposes, applying current fiscal rates at the balance sheet date.

The recognising of deferred tax assets is made when their recovery is probable, that is when it is expected that future assessable fiscal income sufficient to recover the asset will be available.

The recovery of the deferred tax asset is reviewed at each balance sheet date.

Reconciliation of shareholders' equity and the income statement

(Euro thousands)	Note	**Shareholders' equity January 1st, 2005**	**Shareholders' equity as at December 31st, 2005**	**Income statement 2005**
Italian GAAP		**510,418**	**598,662**	**8,742**
Adjustments:				
Property, plant and equipment & Investment property	a	114,128	29,998	18,864
Inventories	b	3,819	6,987	3,168
Other non-current provisions	c	(1,979)	(1,833)	146
Other adjustments	d	131	468	583
Fiscal effects of the adjustments	e	(43,217)	(13,122)	(8,270)
Total adjustments net of fiscal effect		**72,882**	**22,498**	**14,491**
IAS / IFRS GAAP		**583,300**	**621,160**	**23,233**

a) Property, plant and equipment & Investment property

The IFRS permit, subsequent to the initial recognition at cost, the measurement of these assets at either cost or fair value.

Exercising the option contained in IFRS 1, property, plant and equipment and a building not held for operational purposes were recognised at their fair value at the transition date to IFRS.

The IFRS also provide that in relation to the presence of a group of assets, or rather assets composed of components of significant value with different useful lives, different depreciation rates should be used. For these assets, previously recognised and depreciated in a single category in accordance with Italian GAAP, the components having different useful lives were identified and the relative depreciation was recalculated.

The effect of these adjustments on the shareholders' equity at January 1st, 2005 and at December 31st, 2005 were approx. Euro 114,128 thousand and Euro 29,998 thousand respectively.

The effect on the income statement in 2005 was Euro 18,864 thousand.

b) Inventories

In accordance with IFRS, the cost of inventories must be determined adopting either the FIFO or the weighed average cost method. The LIFO method is no longer permitted. The value of inventories adopting the FIFO method was calculated *with a positive effect on shareholders' equity at January 1st, 2005 and at December 31st, 2005 of approx. Euro 3,819 thousand and Euro 6,987 thousand respectively.*

c) Other non-current provisions

IFRS requires that provisions for risks and expensens be recognised only when there is a binding past event and the company does not have a realistic alternative but to comply with the obligation.

In addition, IFRS requires that the dismantling and restoration expenses of the production sites, to be incurred by the end of the production activity, are recognised at their current value as a component of the initial cost of the assets. The corresponding liability is recognised, in the period in which it arises, as a liability against the related assets. The capitalised cost is charged to the income statement over the life of the relative fixed assets through the amortisation process.

The effect of these adjustments on shareholders' equity at January 1st, 2005 and at December 31st, 2005 were approx. Euro 1,979 thousand and Euro 1,833 thousand respectively.

d) Other adjustments

The total other adjustments result in a positive net effect of an insignificant amount and principally relate to the discounting of financial payables, the reversal of formation and start-up costs (as under IFRS they may not be capitalised) and the actuarial calculation of the employee leaving indemnity.

e) Tax effect

The account refers to the tax effect determined (where applicable) on the adjustments made and in accordance with the provisions of IFRS, as previously indicated, on the deferred tax liability provision generated in previous years following the revaluation of the non-monetary items in accordance with IAS 29.

Effects on the cash flow statement at December 31st, 2005

The consolidated cash flow statement reconciliation is not presented as the effects deriving from the application of the IAS/IFRS accounting standards do not result in a significant impact.

Audit on the reconciliations required by IFRS 1

The reconciliations to the IFRS balance sheet at January 1st, 2005 and at December 31st, 2005, as well as the income statement for the year of 2005, together with the relative explanatory notes, were audited. The audit firm PriceWaterhouseCoopers S.p.A. completed its activity and the relative report was published together with the present document.

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PRICEWATERHOUSECOOPERS

AUDITORS' REPORT ON CEMENTIR –

CEMENTERIE DEL TIRRENO SPA

IFRS RECONCILIATION SCHEDULES WITH EXPLANATION OF THE EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IAS/IFRS)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE IFRS RECONCILIATION SCHEDULES (PARENT COMPANY) WITH EXPLANATION OF THE EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

To the Board of Directors of
Cementir --- Cementerie del Tirreno
SpA

1 We have audited the attached reconciliation schedules of the balance sheet at January 1st, 2005 and at December 31st, 2005 and of the income statement for the year ended December 31st, 2005 (hereafter the 'IFRS reconciliation schedules") of Cementir - Cementerie del Tirreno SpA (hereafter "Cementir SpA") and of the relative notes in accordance with CONSOB communication No. 6064313 of July 28, 2006 contained in the section "Transition to the International Financial Reporting Standards (IFRS) of the half-year report as of June 30th, 2006. The above-mentioned IFRS reconciliation schedules derive from the financial statements of Cementir S.p.A. for the year ended December 31st, 2005 prepared in accordance with regulations on the preparation of financial statements audited by us and on which we issued our auditors' report on April 14th, 2006. The IFRS reconciliation schedules were prepared within the transition project to International Financial Reporting Standards adopted by the European Union. The responsibility of the preparation of the IFRS reconciliation schedules is that of Cementir S.p.A.'s Directors. Our responsibility is to express an opinion on these schedules based on our audit.

2 We conducted our audit in accordance with generally accepted auditing standards. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the IFRS reconciliation schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS reconciliation schedules. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P. IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 – **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 – **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

3 In our opinion, the IFRS reconciliation schedules, identified in the first paragraph of the present report, were prepared in conformity with the requirements of CONSOB communication No. 6064313 of July 28, 2006.

4 We bring to your attention that, as described in the notes, the IFRS reconciliation schedules were prepared only for the purposes of the transition project for the preparation of the first full financial statements in accordance with standardised IFRS by the European Commission, and do not include comparative data and the necessary explanatory notes that would be required to represent in a true and fair manner the balance sheet, financial position and result of Cementir S.p.A. in conformity with IFRS standards. In addition, as described in the introduction, the IFRS reconciliation schedules report the values that will be included for comparative purposes in the first full IFRS financial statements; these values may be subject to changes to reflect future orientations of the European Commission in relation to the standardisation of the IFRS or by new pronouncements by IASB or IFRIC.

Rome, October 6, 2006

PricewaterhouseCoopers SpA

Massimo Grifantini
(Revisore contabile)

PRICEWATERHOUSECOOPERS

AUDITORS' REPORT OF THE CEMENTIR GROUP

LIMITED AUDIT ON THE HALF-YEAR REPORT AS OF JUNE 30TH, 2006 PREPARED IN ACCORDANCE WITH ARTICLE 81 OF CONSOB REGULATION 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE LIMITED AUDIT ON THE HALF-YEAR REPORT AS OF JUNE 30TH, 2006 PREPARED IN ACCORDANCE WITH ARTICLE 81 OF CONSOB REGULATION 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

To the Shareholders of
Cementir - Cementerie del Tirreno SpA

1 We have performed a limited audit of the interim consolidated financial statements consisting of the balance sheet, income statement, changes in shareholders' equity, cash flow statement (hereafter the "financial statements") and of the related notes and appendices included in the half-year report as of June 30th, 2006 of the Cementir group. The half-year report is the responsibility of Cementir - Cementerie del Tirreno SpA.'s Directors. Our responsibility is to express an opinion on the present report based on our limited audit. We have also reviewed the part of the notes containing information on the operations for consistency with the rest of the report.

2 We conducted our limited audit in accordance with the Auditing Standards and criteria recommended by CONSOB. A limited audit principally consists of the gathering of information on the accounts included in the financial statements and on the homogeneity of the accounting principles through meetings with the management of the company and the analysis of the data contained in the financial statements. A limited audit excludes procedures such as verification testing and the verification or procedures on the correctness of the assets and liabilities and results in significantly reduced work to that of a full audit in accordance with Auditing Standards. Consequently, unlike for the consolidated financial statements for the year, we do not express an opinion on the half yearly financial statements.

3 For the opinion on the consolidated financial statements of the prior year, presented for comparison, reference should be made to our auditors' report issued on April 4, 2006.

The comparative data relating to the interim half-year report as of June 30th, 2005, restated in accordance with IFRS, derive from the restated half-year accounts in accordance with law and the previous accounting standards and on which we performed a limited audit. Our auditors' report was issued on September 12th, 2005.

4 Based on the work performed, we are not aware of variations or significant integrations that should be applied to the consolidated financial statements and to the notes and appendices identified in the first paragraph of the present report, in order that they are in conformity with IAS 34 and the requirements of article 81 of Consob Regulation 11971 of May 14, 1999 and subsequent amendments and integrations.

Rome, October 6, 2006

PricewaterhouseCoopers SpA

Massimo Grifantini
(Revisore contabile)