Cementerie del Tirreno S.p.A.

Half Year Report of the Board of Director's on operations as of June 30, 2004

Board of Directors of September 28, 2004

C E M E N T I R

CEMENTERIE DEL TIRRENO S.p.A.

Registered office Rome

Corso di Francia n. 200

Share Capital Euro 159,120,000 fully paid-in
Company's Register at Rome 2311/51 – C.C.I.A.A. Rome 160498
Tax number 00725950638 - VAT number 02158501003

CONTENTS

DIRECTOR' S REPORT ON THE GROUP FOR THE FIRST HALF OF 2004

DIRECTOR'S REPORT ON OPERATIONS FOR THE FIRST HALF OF 2004

The financial position and results for the half of 2004 of the Cementir Group (appropriately reclassified) are summarised, including comparison as at 30/6/2003 and 31/12/2003, in the tables below:

	Euro thousands			%		
BALANCE SHEET POSITION	**30/6/2004**	**31/12/2003**	**30/6/2003**	**30/6/2004**	**31/12/2003**	**30/6/2003**
FIXED ASSETS	**317,787**	**318,050**	**333,247**	**45.90**	**46.28**	**51.55**
NET INTANGIBLE FIXED ASSETS	110,714	113,882	117,421	15.99	16.57	18.16
NET TANGIBLE FIXED ASSETS	195,015	192,074	203,551	28.17	27.95	31.49
NET FINANCIAL FIXED ASSETS	12,058	12,094	12,275	1.74	1.76	1.90
CURRENT ASSETS	**374,468**	**369,274**	**313,211**	**54.10**	**53.72**	**48.45**
FINAL INVENTORY	31,809	33,265	28,923	4.60	4.84	4.47
TRADE RECEIVABLES	89,128	80,240	86,155	12.88	11.67	13.33
OTHER RECEIVABLES - SHORT RERM	59,195	66,234	67,256	8.55	9.63	10.40
LIQUID ASSETS	194,336	189,535	130,877	28.07	27.58	20.25
TOTAL ASSETS	**692,255**	**687,324**	**646,459**	**100.00**	**100.00**	**100.00**
GROUP EQUITY	**511,325**	**497,972**	**453,387**	**73.86**	**72.44**	**70.13**
SHARE CAPITAL	159,120	159,120	159,120	22.99	23.15	24.61
RESERVES	344,172	285,724	295,099	49.72	41.57	45.65
PROFIT (LOSS) FOR THE PERIOD	15,148	60,243	6,283	2.18	8.76	0.97
TREASURY SHARES	(7,115)	(7,115)	(7,115)	(1.03)	(1.04)	(1.10)
MINORITY INTERESTS	**6,139**	**5,767**	**5,975**	**0.89**	**0.84**	**0.93**
MEDIUM/LONG TERM LIABILITIES	**59,692**	**59,837**	**60,253**	**8.62**	**8.71**	**9.32**
PROVISION FOR EMPLOYEE LEAVING INDEMNITY	9,974	9,646	9,597	1.44	1.41	1.48
MEDIUM/LONG TERM LOANS	49,718	50,191	50,656	7.18	7.30	7.84
OTHER MEDIUM/LONG TERM PAYABLES	-	-	-	0.00	0.00	0.00
CURRENT LIABILITIES	**115,099**	**123,748**	**126,844**	**16.63**	**18.01**	**19.62**
SHORT TERM LOANS	33,002	26,614	41,954	4.77	3.87	6.47
TRADE PAYABLES	64,998	61,513	60,661	9.39	8.95	9.38
OTHER PAYABLES - SHORT-TERM	17,099	35,621	24,229	2.47	5.19	3.75
TOTAL LIABILITIES & EQUITY	**692,255**	**687,324**	**646,459**	**100.00**	**100.00**	**100.00**

INCOME STATEMENT	Euro thousands			%		
	30/6/2004	31/12/2003	30/6/2003	30/6/2004	31/12/2003	30/6/2003
NET TURNOVER	**151,075**	**292,603**	**142,049**	**100.00**	**100.00**	**100.00**
PURCHASES FOR THE PERIOD	64,111	121,360	62,717	42.43	41.47	44.15
EXTERNAL COSTS	31,552	52,937	26,847	20.89	18.09	18.90
CAPITALISED COSTS	182	510	113	0.12	0.17	0.08
ADDED VALUE	**55,594**	**118,816**	**52,598**	**36.80**	**40.61**	**37.03**
PERSONNEL COSTS	16,325	31,042	15,900	10.81	10.61	11.19
OTHER REVENUES	885	0	0	0.59	0	0
OTHER COSTS	377	0	0	0.25	0	0
EBITDA	**39,777**	**87,774**	**36,698**	**26.33**	**30.00**	**25.84**
AMORTISATION & DEPRECIATION	14,015	28,882	14,752	9.28	9.87	10.39
INDIRECT TAXES	1,074	0	0	0.71	0	0
OTHER COSTS/INCOME	0	(6,034)	(3,245)	0	(2.07)	(2.29)
EBIT	**24,688**	**52,858**	**18,701**	**16.34**	**18.06**	**13.16**
FINANCIAL INCOME	9,552	10,688	5,681	6.32	3.66	4.00
FINANCIAL COSTS	3,937	8,424	4,018	2.60	2.88	2.83
FINANCIAL RESULT	**5,615**	**2,264**	**1,663**	**3.72**	**0.78**	**1.17**
ORDINARY REULT	**30,303**	**55,122**	**20,364**	**20.06**	**18.84**	**14.33**
EXTRAORDINARY ITEMS	(636)	(15,237)	(6,664)	(0.42)	(5.21)	(4.69)
PRE-TAX RESULT	**29,667**	**39,885**	**13,700**	**19.64**	**13.63**	**9.64**
INCOME TAXES	(4,698)	(14,309)	(2,138)	(3.11)	(4.89)	(1.50)
DEFERRED TAX INCOME AND CHARGE	(9,634)	34,786	(5,427)	(6.38)	11.89	(3.82)
NET PROFIT BEFORE MINORITY SHARE	**15,335**	**60,362**	**6,135**	**10.15**	**20.63**	**4.32**
NET LOSS (PROFIT) OF MINORITY INTERESTS	(187)	(119)	148	(0.12)	(0.04)	0.10
NET RESULT	**15,148**	**60,243**	**6,283**	**10.03**	**20.59**	**4.42**

NUMBER OF EMPLOYEES	**1,281**	**1,233**	**1,215**

Economic Performance

The income statement recorded sales of Euro 151.1 million, increasing 6.3% compared to Euro 142 million in the same period in the previous year.

The consolidated net sales are divided Euro 99.5 million relating to the Italian companies and Euro 51.6 million relating to the Turkish activities of the Group. The increase compared to the first half of the previous year is attributable for Euro 1.1 million (+1.1%) to the Italian companies and for Euro 7.9 million (+18.1%) to the Turkish companies.

For completeness of information it is noted that the consolidated net sales also relates to the companies operating in the ready-mixed sector for approximately Euro 18.9 million (Euro 13.9 million in the first half of the previous year).

The total value added recorded in the first six months of 2004 increased by 5.7% at Euro 55.6 million compared to Euro 52.6 million in the same period of 2003.

It should be noted that, in order to meet the requirements of the Financial Community and on the basis of criteria adhering more to the operational management of the Group, some accounts were reclassified; in particular, Directors and Statutory Auditors fees, previously allocated to the accounts “other costs”, were inserted in “external costs”.

The Ebitda in the first half of 2004 was Euro 39.8 million compared to Euro 36.7 million in 2003, an increase of approximately Euro 3.1 million (+8.4%).

The Ebitda relating to the activities the Italian part of the Group (therefore with the exclusion of the Cimentas Group), was equal to Euro 29.7 million and was lower than the value recorded in the previous year by Euro 3.1 million (-9.5%). Costs were higher in Italy in particular in relation to energy, raw materials and maritime transport costs.

The Ebitda of Cimentas was Euro 10.1 million, compared to Euro 3.9 million in 2003, corresponding to an increase of 160%, due to the continuation of the reorganisation and improvement programmes of the company and the increase in volumes and sales prices.

The Ebit in the first half of 2004 amounted to Euro 24.7 million, an increase of 32% compared to the first half of 2003.

In relation to the consolidated financial result in the first six months of the year, this was a positive amount of approximately Euro 5.6 million compared to a positive net result in the same period in the previous year of Euro 1.7 million. The financial result includes exchange gains realised of' approximately Euro 3 million.

The first half of 2004 closed with a net profit of approximately Euro 15.1 million, after amortisation, depreciation and provisions of Euro 14 million compared to a net profit of Euro 6.3 million in the same period in the previous year after amortisation, depreciation and provisions of approximately 14.8 million. In the preparation of the half-year report, the Parent Company recorded income taxes relating to the first half of 2004, therefore not availing of the faculty to present the results pre-tax , in line with 2003.

Personnel

The personnel of the companies in the Group increased from 1,233 units at December 31, 2003 to 1,281 units at June 30, 2004 (720 employees at Cimentas and 561 employees at the Parent Company Cementir and the other Italian subsidiaries) of which 35 managers, 669 supervisors, white-collar and temporary and 577 blue-collar.

Financial position and balance sheet

The consolidated financial statements include the cement sector, with Cementir, Cimentas and Kars Cimento, and the ready-mixed concrete sector with Calcestruzzi Picciolini and Cimbeton, as well as Cementir Delta, Intercem and Alfacem, financial and holding companies.

The investments made in tangible fixed assets in the first six months of 2004 amounted to approximately Euro 6.3 million. These investments were almost exclusively in the cement sector and related to the rationalisation, modernisation and maintenance of all the factories, as well as up-dating the ecological plant.

The net financial position was a positive amount of approximately Euro 111.6 million, compared to Euro 112.7 million at the end of 2003.

During the first half of 2004, Cementir distributed dividends of approximately Euro 9.4 million and paid income taxes of approximately Euro 12 million including the substitute taxes on the revaluation as per Law 342/2000 made by the Parent Company in 2003 (Euro 8.5 million).

It is also recalled, that the Parent Company Cementir, on February 10, 2004, paid the full amount of the penalty from the European Community of approximately Euro 12.2 million relating to the presumed violation of Art. 85 of the EEC Treaty (unfair competition).

The consolidated net equity increased from Euro 505.1 million to Euro 518.4 million as at June 30, 2004.

Treasury shares and/or shares or quotas of parent companies

As at June 30, 2004, Cementir held “Treasury shares” for a value of Euro 7,115 thousand, corresponding to 2,533,226 ordinary shares at a par value of 1 Euro each. They are recorded at an average value of Euro 2.81, equal to approx. 1.59% of the share capital as at June 30, 2004.

As at June 30, 2004, the Parent Company and its subsidiaries did not possess, either directly or indirectly, shares or quotas in parent companies, nor have they purchased or sold shares or quotas of parent companies in the year.

RESEARCH AND DEVELOPMENT

Pursuant to article 40 of Legislative Decree 127/91, we also inform you that the Parent Company’s Research Centre activities are directed at research and studies of cement and ready-mix concrete as well as quality control of the Group’s products, raw materials and fuel used in the production process.

TRANSACTIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES, THE PARENT COMPANY AND COMPANIES CONTROLLED BY THE LATTER AND OTHER GROUP COMPANIES

In compliance with CONSOB communication no. 98015375 of 27/02/1998, the information relating to transactions with the above-mentioned companies is provided below.

The transactions with subsidiary companies are eliminated from the consolidated financial statements.

The only balances remaining at December 31, 2003 with associated companies were with Speedybeton S.p.A., represented by short-term trade receivables of approx. Euro 373 thousand.

During the period under examination a dividend of Euro 1,080 thousand was deliberated in favour of the Parent Company by Caltagirone Editore S.p.A. and Euro 6,600 thousand by Cimentas in favour of Intercem and the Parent Company, respectively of Euro 5,267 thousand and Euro 1,333 thousand.

Normal transactions, which have existed for some time, continue with companies under the control of the majority shareholder (Caltagirone S.p.A.), which are habitual and traditional customers of your Company. In particular Vianini Lavori S.p.A. and Vianini Industria S.p.A. have purchased 4,891 tonnes of cement in the first half of 2004 (approx. 2,410 tonnes in the first half of 2003).

In the first half of 2004, the Parent Company received rental income for commercial properties from the related companies Caltanet S.p.A. of Euro 125 thousand and B2 Win S.r.l. of Euro 123 thousand.

Finally, the Group recorded payables from the related companies Caltagirone S.p.A. and Vianini Lavori S.p.A. (respectively of Euro 680 thousand and Euro 1,070 thousand) resulting from the transfer of tax credits.

All of the transactions were made in the interests of the companies of the Group.

Significant events in the period

In relation to the significant events in the period, the Parent Company Cementir adhered to the fiscal amnesty also for the year 2002, as per Legislative Decree 282/2002 and Law 27/2003 that permitted the finalisation of disputes of a fiscal nature, in addition to the possibility to integrate and finalise the assessable income tax and VAT. The charge incurred was equal to Euro 76 million.

SUBSEQUENT EVENTS

On August 12, 2004, Cementir agreed a contract with FLS Industries for the purchase of 100% of the share capital in Aalborg Portland and Unicon, cement and ready mix production companies, on condition of receiving authorisation in the countries concerned.

The total value of the operation amounts to 4,252 million Krone, equal to Euro 572 million, including net debt of 1,587 million Krone, equal to Euro 213 million, based on the financial statements as at December 31, 2003. On the closing of the operation, expected in the fourth quarter of 2004, the final payment will take account of the results at that date.

The acquisition will be finalised through available liquidity (for approximately Euro 200 million) and bank debt and will be finalised after the approval by the relevant authorities.

Aalborg Portland A/S is world leader in the production of white and grey cement in Denmark; the factories are located in Denmark, Egypt, Malaysia and the United States of America for a cement production capacity of approximately 3.5 million tonnes annually.

Unicon A/S is the largest produced of ready-mix cement in Northern Europe and leader in Denmark and Norway. The factories are located in Denmark, Sweden, Norway and Poland for sales of ready-mix concrete of approximately 1.9 million cubic meters annually.

BUSINESS OUTLOOK

Following the above operation, Cementir will become an important pan-European operator, vertically integrated (provisioning, production, distribution) and strategic positioning with production facilities that guarantee increasing margins. The acquisition of the two Danish companies, leader in their markets and with recognised brands, will guarantee Cementir synergies and provide the following benefits:

- world leadership in the production of while cement, a strongly expanding market,
- geographic diversification in Europe , North Africa, Turkey, Asia and United States of America,
- increase in sales by 130% and gross operating margin by 110% (data 2003).

With the acquisition of Portland and Unicon, Cementir integrates in an optimal manner its geographic presence in the Mediterranean area with Northern Europe and worldwide, extending its presence in more than 70 countries.

Cementir is convinced that the acquisition will generate value for the shareholders and will permit the achievement of synergies in addition to important growth opportunities.

In relation to the normal operations of the Italian and Turkish companies, the Company will continue, as it has always done, to concentrate its attention on the consolidation and improvement of the Italian and Turkish industrial sites with a careful focus on the development of the product and territorial synergies, as well as cost optimisation.

Rome, September 28, 2004

For the Board of Directors

The Chairman

Consolidated Balance Sheets and Income Statements as at 30/06/2004, 31/12/2003 and 30/06/2003

CEMENTIR GROUP

CONSOLIDATED BALANCE SHEET

(in Euro thousands)

ASSETS

	AS AT 30/06/04		AS AT 31/12/2003		AS AT 30/06/2003	
	Sub-total	Total	Sub-total	Total	Sub-total	Total
A) UNPAID SHARE CAPITAL		**0**		**0**		**0**
B) FIXED ASSETS						
I. Intangible assets						
1. Formation, start-up and similar costs		22		28		58
2. Goodwill		38		52		68
3. Other intangible assets		232		194		500
4. Consolidation difference		110,422		113,608		116,794
Total intangible fixed assets		**110,714**		**113,882**		**117,420**
II. Tangible assets						
1. Land and buildings		91,748		90,711		95,715
2. Plant and machinery		91,937		92,800		91,799
3. Industrial and commercial equipment		525		519		550
4. Other assets		4,039		4,253		4,856
5. Assets under constr & and on account		6,766		3,791		10.631
Total tangible fixed assets		**195,015**		**192,074**		**203,551**
III. Financial assets						
1. Equity investments in:		11,678		11,674		11,793
a) associated companies	2,193		2,193		2,289	
b) other companies	9,485		9,481		9,504	
2. Receivables:		380		420		482
a) from others	380		420		482	
3. Treasury shares		7,115		7,115		7,115
Total financial assets		**19,173**		**19,209**		**19,390**
TOTAL B) FIXED ASSETS		**324,902**		**325,165**		**340,361**
C) CURRENT ASSETS						
I Inventory						
1. Raw materials, supplies and consumable		19,749		18,940		18,541
2. Semi-finished products		5,744		7,760		5,415
3. Finished goods		5,806		6,471		4,837
4. Payments on account		510		94		131
Total inventory		**31,809**		**33,265**		**28,924**
II. Receivables (1)						
1. Trade receivables		89,128		80,240		86,155
2. Associated and other companies		373		510		39,003
3. Others		56,428		64,686		26,919
Total Receivables		**145,929**		**145,436**		**152,077**
III. Current financial assets		**3,060**		**0**		**0**
IV. Cash in banks and on hand						
1. Bank and postal accounts		190,902		189,320		130,646
2. Cash-in-hand and cash equivalents		374		215		231
Total cash in bank and on hand		**191,276**		**189,535**		**130,877**
TOTAL C) CURRENT ASSETS		**372.074**		**368,236**		**311,878**
D) PREPAYMENTS AND ACC. INCOME		2,394		1,038		1,335
TOTAL ASSETS (A+B+C+D)		**699,370**		**694,439**		**653,574**

CEMENTIR GROUP

CONSOLIDATED BALANCE SHEET

(in Euro thousands)

LIABILITIES & EQUITY

	AS AT 30/06/04		AS AT 31/12/2003		AS AT 30/06/2003	
	Sub-total	Total	Sub-total	Total	Sub-total	Total
A) NET EQUITY						
I. Share capital		159,120		159,120		159,120
II. Share premium reserve		15,052		22,711		22,710
III. Revaluation reserve		0		0		0
IV. Legal reserve		7,859		7,859		7,859
V. Reserve for own shares in portfolio		7,115		7,115		7,115
VI. Statutory reserves		0		0		0
VII. Other reserves		314,146		248,039		257,415
a) Capital grants	13,207		13,207		13,207	
b) Reserve art, 15 Law 113/88 no, 67	138		138		138	
c) Extraordinary reserve	0		1,737		1,737	
d) Reserve for acq. of treasury shares	5,885		5,885		5,885	
f) Reserve Law 349/95 art, 11	9		8		5	
g) Other reserves	294,907		227,064		236,443	
VIII. Retained earnings/losses carr. forward		0		0		0
IX Net profit for the period		15,148		60,243		6,283
GROUP SHARE OF NET EQUITY		**518,440**		**505,087**		**460,502**
Minority interest:						
I. Capital, reserves and retained earnings		5,952		5,648		6,123
II. Profit for the period		187		119		(148)
TOTAL MINORITY INTEREST		**6,139**		**5,767**		**5,975**
TOTAL A) CONSOLIDATED NET EQUITY		**524,579**		**510,854**		**466,477**
B) PROVISIONS RISKS AND CHARGES						
1. Taxation		2,505		454		2,361
2. Other provisions		539		492		4,840
TOTAL B) PROVISIONS FOR CONTINGENCIES AND CHARGES		**3,044**		**946**		**7,201**
C) EMPLOYEE LEAVING INDEMNITY		**9,974**		**9,646**		**9,597**
D) PAYABLES						
1. Due to banks		43,712		37,797		53,602
a) due within one year	33,002		26,614		41,954	
b) due beyond one year	10,710		11,183		11,648	
2. Due to other lenders		39,008		39,008		39,008
a) due beyond one year	39,008		39,008		39,008	
3. Advances (1)		208		134		76
4. Trade payables (1)		64,998		61,513		60,661
5. Tax payables (1)		4,882		15,510		9,791
6. Payables to pension and social security institutions (1)		1,287		1,405		1,084
7. Other payables (1)		4,964		14,997		3,323
TOTAL D) PAYABLES		**159,059**		**170,364**		**167,545**
E) ACCRUALS AND DEFERRED INCOME		**2,714**		**2,629**		**2,754**
TOTAL LIAB. & EQUITY (A+B+C+D+E)		**699,370**		**694,439**		**653,574**

CEMENTIR GROUP

CONSOLIDATED MEMORANDUM ACCOUNTS
(in Euro thousands)

	AS AT 30/06/04	AS AT 31/12/2003	AS AT 30/06/2003
A) Guarantees			
1. Sureties: in favour of third parties	14,345	13,799	16,646
2. Other unsecured guarantees: in favour of third parties	116	116	429
3. Secured guarantees: in favour of third parties	12,105	12,105	12,555
Total A) Guarantees	**26,566**	**26,020**	**29,630**
B) Other Memorandum accounts	**4,859**	**5,184**	**4,788**
TOTAL MEMORANDUM ACCOUNTS	**31,425**	**31,204**	**34,418**

CEMENTIR GROUP

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)

	AS AT 30/06/04		AS AT 31/12/2003		AS AT 30/06/2003	
	Sub-total	Total	Sub-total	Total	Subtotal	Total
A) VALUE OF PRODUCTION						
1. Revenues from sales and services		154,075		292,031		145,855
2. Change inventories semi finished and finished products and work in progress		(3,000)		572		(3,806)
3. Change in contract work in progress		0		0		0
4. Increases in work capitalised under fixed assets		182		510		113
5. Other revenues and income		885		1,303		716
TOTAL A) VALUE OF PRODUCTION		**152,142**		**294,416**		**142,878**
B) PRODUCTION COST						
6. Raw materials, consumables and supplies		(64,555)		(121,231)		(61,718)
7. Services		(31,297)		(54,508)		(26,701)
8. Use of third party assets		(255)		(339)		(146)
9. Personnel costs		(16,592)		(31,766)		(16,370)
a) wages and salaries	(11,405)		(21,777)		(10,846)	
b) social security costs	(3,532)		(6,725)		(3,290)	
c) employee leaving indemnity	(908)		(1,632)		(1,002)	
d) other costs	(747)		(1,632)		(1,232)	
10. Amortisation, depreciation and write-downs		(13,946)		(28,711)		(14,681)
a) amortisation of intangible fixed assets	(3,259)		(6,785)		(3,417)	
b) depreciation of tangible fixed assets	(10,252)		(21,553)		(10,877)	
c) write-downs in current assets	(435)		(373)		(387)	
11. Changes in inventories or raw materials, ancillary and consumables		445		(129)		(999)
12. Provisions for risks		(70)		(171)		(71)
13. Other provisions		0		0		0
14. Other operating expenses		(1,560)		(5,427)		(3,961)
TOTAL B) PRODUCTION COST		**(127,830)**		**(242,282)**		**(124,647)**
Difference value and costs of production (A-B)		**24,312**		**52,134**		**18,231**
C) FINANCIAL INCOME AND CHARGES						
15. Income from equity investments:		1,080		2,169		1,777
a) associated companies	0		101		281	
b) other companies	1,080		760		188	
c) gains on sale of holdings	0		1,308		1,308	
16. Other financial income		8,473		8,334		3,904
a) from securities included under fixed assets not constituting equity investments	0		2		1	
b) other income than above:						
From others	8,473		8,332		3,903	
17. Interest and other financial charges		(3,938)		(6,929)		(3,990)
a) from others	(3,938)		(6,929)		(3,990)	
TOTAL C) FINAN. INCOME AND CHARGES		**5,615**		**3,574**		**1,691**
D) ADJUSTMENT TO FIN. ASSET VALUES						
18. Revaluations: of equity investments		0		185		0
19. Write-downs : of equity investments		0		(1,495)		(28)
TOTAL D) ADJUST. TO FIN. ASSET VALUES		**0**		**(1,310)**		**(28)**
E) EXTRA. INCOME AND CHARGES						
20. Income		229		4,333		3,940
a) gains on asset sales	38		1,079		746	
b) other income	191		3,254		3.194	
21. Charges		(489)		(18,846)		(10,134)
a) losses on asset sales	(2)		(90)		(25)	
b) other charges	(487)		(18,756)		(10,109)	
TOTAL E) EXTRA. INCOME AND CHARGES		**(260)**		**(14,513)**		**(6,194)**
PRE-TAX RESULT		**29,667**		**39,885**		**13,700**
22. Income tax		(14,332)		20,477		(7,565)
a) current taxes	(4,698)		(14,309)		(2,138)	
b) deferred taxes	(9,634)		34,786		(5,427)	
RESULT INCLUDING MINORITY INTEREST		**15,335**		**60,362**		**6,135**
MINORITIES SHARE OF LOSS (PROFIT)		**(187)**		**(119)**		**148**
GROUPS SHARE OF NET PROFIT		**15,148**		**60,243**		**6,283**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2004

STRUCTURE AND CONTENT

The half-year Group interim consolidated financial statements as at June 30, 2004 were prepared in conformity with the requirements of the Civil Code and consist of a balance sheet, income statement and the notes thereto that provide the information as required by law and CONSOB communications regarding consolidated financial statements.

Furthermore, all of the supplementary information considered necessary is provided for a true and correct representation, even if not required by specific laws.

In the preparation of the half-year report, the Parent Company recorded income taxes relating to the first half of 2004, therefore not availing of the faculty to present a pre-tax result.

The half year financial statements include the amounts for comparative purposes as at December 31, 2003 for the balance sheet and the first half of 2003 for the income statement.

The figures are expressed in thousands of Euro.

CONSOLIDATION AREA

The report includes the financial statements as at June 30, 2004 of the Parent Company Cementir S.p.A. and of the following Italian and foreign subsidiaries:

Company	Registered office	Period end	Share capital (Euro 000)	% held
Cementir Delta S.p.A.	Rome	31/12/2003	38,218	99.9
Intercem S.A.	Luxembourg	30/11/2003	100	100
Alfacem S.r.l.	Rome	31/12/2003	10	100
Calcestruzzi Picciolini S.p.A.	Rome	31/10/2003	104	99.9
Compact Puglia S.r.l.	Rome	31/10/2003	10	100
Cimentas	Izmir	31/12/2003	17,449	97.10
Cimbeton	Izmir	31/12/2003	980	82.28
Kars Cimento	Kars	31/12/2003	554	97.10
Bakircay	Izmir	31/12/2003	233	97.10
Yapitek	Izmir	31/12/2003	22	96.92
Destek	Izmir	31/12/2003	3	97.08

ATTACHMENTS TO THE CONSOLIDATED HALF-YEAR REPORT

The present notes also include the following attachments:

- Consolidated cash flow statement.
- Schedule of the changes in the consolidated net equity accounts.
- Schedule of the changes in the intangible and tangible fixed assets.

GENERAL CONSOLIDATION CRITERIA

The half-year interim consolidated financial statements were prepared on the basis of the financial statements prepared by the individual companies included in the consolidation area.

The financial statements of consolidated subsidiaries that have a different period-end from that of the Parent Company are restated to provide appropriate accounting information for the same period.

The consolidation was prepared using the global integration (line-by-line) method.

The book value of the consolidated shareholdings is eliminated against the relative net equity; any consolidation difference arising after the allocation of the current values to the assets and liabilities on a net equity basis at the date of acquisition of a subsidiary, is amortised in relation to the future profitability of the consolidated companies.

The minority interests of third party shareholders are recorded under appropriate headings of the consolidated net equity and income statement.

The payables and receivables, costs and revenues, as well as the economic effects of intercompany transactions are eliminated in the consolidated balance sheet and income statement.

The adjustments made to the financial statements of the individual companies for reversals of items of a fiscal nature or, in some cases, to conform to the Group accounting principles, as well as the other consolidation adjustments, take account, when applicable, of the relative deferred and/or advance tax effects.

The dividends distributed within the Group are reversed in the consolidated income statement.

ACCOUNTING PRINCIPLES

The more significant accounting principles adopted for the preparation of the consolidated interim financial statements, which are in line with those applied in the previous half-year are as follows:

Intangible fixed assets

The intangible fixed assets are recorded at cost and reflect the residual value of expenses with utility in future years.

The amortisation is calculated using a straight-line basis, and is determined according to the estimated useful life of the assets.

The formation and start-up expenses are recorded with the consent of the Boards of Statutory Auditors of the individual companies included in the consolidation.

The consolidation difference arising, following the elimination of the book value of the shareholdings acquired and consolidated against the relative net equity at the current values as at the date of acquisition, are amortised in relation to the future profitability of the consolidated companies.

Tangible fixed assets and provision for depreciation

The tangible fixed assets are shown in the financial statements at the purchase or construction cost, including directly attributable accessory charges, and adjusted in accordance with applicable revaluation laws.

The depreciation of the tangible fixed assets is calculated based on the economic/technical rates coinciding with those permitted by the fiscal authorities and are considered representative of the estimated useful life of the assets.

The land on which the industrial premises are built is depreciated at the same rates as the buildings.

In the case where, independent of the depreciation booked, there is a permanent impairment in value, the asset is written-down; if in subsequent years the reasons for the write-down no longer exist, the asset is restored to its original value, net of the relative depreciation for the period.

Financial assets

- Equity investments

The holdings in non-consolidated companies in which the Group exercises a significant influence are valued under the net equity method.

The other holdings are valued at acquisition or subscription cost, reduced for permanent impairment in value. The original value is restored in subsequent years if the reasons for the write-down no longer exist.

- *Treasury shares*

They are recorded at acquisition cost. An appropriate reserve is recorded in net equity against the relative value, pursuant to Art. 2357 ter of the Civil Code

Inventory

The final inventories are valued at the lower of cost and market value. The cost configuration adopted is the LIFO method on an annual basis and is determined as follows:

- raw materials, other materials and consumables: at purchase cost, including accessory charges;
- finished and semi-finished products: at purchase and/or of production cost, including all the materials, energy, labour and all the other direct and indirect manufacturing costs, including the depreciation of production plant.

Receivables

Trade receivables are recorded in the financial statements at their estimated realisable value.

Cash in banks and on hand

The cash and cash equivalents are valued at nominal value at the period-end.

Accruals and prepayments

The accruals and prepayments are determined with reference to the accruals concept, so as to reflect the relevant quota of costs and revenues relating to more than one period.

Provisions for contingencies and charges

The provisions for contingencies and charges are recorded in respect of certain or probable losses or liabilities, the amounts or due date of which could not be determined at the close of the period.

The provisions made reflect the best possible estimates on the basis of the information available.

The provision for contingencies and charges also includes the estimate for current income taxes for the period based on the gross profit taking into account fiscal adjustments and annual fiscal rates that are expected at the end of the period; the amount is recorded in the provision for taxes as the fiscal liability is considered probable.

Employee leaving indemnity provision

This complies with regulations in force and refers to the total liabilities due to employees at the period-end. This provision is subject to revaluation according to indices.

Payables

These are recorded at their nominal value.

Recognition of revenues

Revenues from sale of products are recognised at the time of change in ownership, generally coinciding with the time of despatch.

Grants

The grants received up to 1997 on the plant are recorded in an appropriate net equity reserve in partial suspension of taxes.

The amounts due subsequent to this date are recorded, regardless of the date of receipt, under deferred income and credited to the income statement in correlation to the depreciation applied on assets, for which the grants were received. The portion of the grants recorded in the year relating to depreciation on assets already recorded in preceding years, is recorded under extraordinary income.

Income taxes

The income taxes for the period have been calculated on the basis of estimated assessable income, in accordance with provisions in force, and taking account of any applicable exemptions and tax credits due and the annual fiscal rate expected at the end of the year.

Deferred tax assets and liabilities are recorded on the timing differences between the results in the financial statements and the tax assessable for each company of the Group and, where applicable, consolidation adjustments. No taxes have been recorded for the "reserves for suspended tax" nor on the carried-forward profits of the subsidiaries, recognised at the time and within the limits when the taxation is expected.

Translation criteria used for recording currencies other than the Euro

Receivables and payables originally expressed in foreign currencies other than the Euro are translated into Euro at the historic exchange rates at the date of the relative transactions.

Exchange differences realised on receivables and payments in foreign currencies other than the Euro are recorded in the income statement, taking account of any provision that may have been established as indicated below.

If a net loss arises at the period end from exchange rates prevailing at that date, from the translation of receivables and payables in foreign currencies due within one year, the loss is recorded in the income statement and a provision is recorded for exchange rate movements. If however a net gain arises, this is credited to the income statement only if it has not been subsequently reduced by variations in the exchange rates after the period-end and before the preparation of the financial statements.

With reference to the consolidation of subsidiaries operating in high-inflation countries, the non-monetary income statement and balance sheet entries have been redefined in the unit of measurement current at the date of the financial statements to reflect the effects of the change in the general price index of an economy with hyperinflation, as governed by the international accounting standard (IAS) No 29 (Accounts guidance for hyper-inflated economies).

Exceptions under the 4th paragraph of Article 2423

In accordance with the 4th paragraph of Art. 2423 of the Civil Code, there have been no exceptional matters relating to the exemptions contained therein.

BALANCE SHEET

ASSETS

FIXED ASSETS

The total fixed assets amount to Euro 324,902 thousand (previous year Euro 325,165 thousand), consisting of the following categories:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
Intangible assets	110,714	113,882	(3,168)
Tangible assets	195,015	192,074	2,941
Financial assets	19,173	19,209	(36)
	324,902	**325,165**	(263)

INTANGIBLE FIXED ASSETS

Intangible fixed assets amounting to Euro 110,714 thousand, mainly consist of the residual difference on consolidation emerging after the acquisition of the Cimentas Group in the final months of 2001 (Euro 110,422 thousand at June 30, 2004).

In consideration of the real and potential market position of the Cimentas Group as well as the company's capacity to produce future income and cash flows, and considering the quality of the products offered and the capacity of the companies to consolidate and develop the level of quality and demand which allows medium to long-term planning, we have decided to amortise this consolidation difference over a period of 20 years.

The other intangible fixed assets reflect the residual amortisation of formation and start-up costs (Euro 22 thousand) and other intangible assets (Euro 270 thousand). The latter includes, for Euro 100 thousand, the residual costs for the purchase and implementation of the new data processing system (SAP R3).

The amortisation is determined on the basis of a future utility of 5 years.

For an analysis of the movements in intangible fixed assets reference should be made to the attachment.

TANGIBLE FIXED ASSETS

At June 30, 2004 the gross tangible fixed assets of the Group amounted to Euro 712,757 thousand and depreciation amounted to Euro 517,742 thousand, resulting in a net book value of Euro 195,015 thousand. For more complete information, a summary of the tangible fixed assets and accumulated depreciation are shown below.

(in Euro thousands)

Account	Gross values	Accumulated depreciation	Net values
Land and buildings	204,737	112,989	91,748
Plant, machinery & equipment	467,976	376,039	91,937
Industrial and commercial equipment	6,842	6,317	525
Other assets	26,436	22,397	4,039
Assets under construction and payments on account	6,766	-	6,766
	712,757	**517,742**	**195,015**

The historic cost of the tangible fixed assets include previous revaluations made by the Parent Company of Cementir, mostly fully depreciated, and are shown below:

				(in Euro thousands)
	Law 576/75	**Law 72/83**	**Law 413/91**	**Total**
Land and civil buildings	-	114	84	198
Land and industrial buildings	2,904	11,350	13,185	27,439
Plant, machinery & equipment	6,772	30,028	4,028	40,828
Other assets	7	58	-	65
Total	**9,683**	**41,550**	**17,297**	**68,530**

For an analysis of the movements in tangible fixed assets reference should be made to the schedule attached.

The fixed tangible assets are mortgaged for a total amount of approximately Euro 31 million, pledged by the Parent Company Cementir to guarantee medium and long-term loans, the residual amount of which are approximately Euro 11.6 million.

The increase of Euro 2,941 thousand compared to December 31, 2003 relates to:

	(in Euro thousands)
Investments	6,323
Depreciation for the period	(10,252)
Net value of assets sold to third parties or scrapped	(10)
Effect of revaluation of tangible fixed assets of the Cimentas Group (IAS 29 – hyper-inflated economies), and effect of Euro/Turkish Lira exchange rate	6,880
	2,941

In relation to Group capex investments, amounting to Euro 6,323 thousand, they related almost exclusively to the cement sector; in addition, special consideration and attention has been given to maintenance in order to ensure the correct functioning of the plant.

It should be noted the re-statement, relative to the value of the tangible fixed assets of the Cimentas Group companies, at the unit of measurement in use on the balance sheet date to absorb the effect of changes in the general price index of a hyper-inflating economies, as required by the international accounting principle (IAS) no. 29 (Accounting indicators for hyper-inflating economies), equal to Euro 9.2 million.

Parallel to this the write-down of the Turkish Lira from December 31, 2003 to June 30, 2004 resulted in a decrease in the value of tangible fixed assets of the Cimentas Group companies of approximately Euro 2.3 million.

Depreciation is calculated using the economic/technical rates coinciding with normal fiscal rates, reduced by 50% in the year the assets enter into service.

The depreciation rates applied are shown below:

Buildings	2%-3%-4%-5%
Buildings used for manufacturing and excavation	4%-5.5%-8%
Light constructions and operating machinery	10%
General and specific plant	12.5%
Furnaces and accessories	15.5%

Sundry equipment and excavating machinery	25%-30%
Auto and transport vehicles	20%-25%
Office furniture and machines	12%-18%-20%
Ships	9%

FINANCIAL FIXED ASSETS

The account relates to:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
Equity investments in:			
- associated companies	2,193	2,193	-
- other companies	9,485	9,481	4
Receivables:			
- from others	380	420	(40)
Treasury shares	7,115	7,115	-
	19,173	**19,209**	**(36)**

The equity investments in associated companies are valued base on the net equity at December 31, 2003 as they relate to the latest accounting positions available.

The total value of the equity investments amounted to Euro 11,678 thousand as follows:

Company	Registered office		Share capital	% held		Book value
Investments in associated companies:						
Speedybeton S.p.A.	Pomezia (RM)	€	300,000	30	€/000	1,816
Editrice del Golfo –Edigolfo S.p.A.	Rome	"	103,300	25	"	377
					€/000	**2,193**
Other companies:						
- Caltagirone Editore S.p.A.	Rome	"	125,000,000	4,3	€/000	4,914
- Cemencal S.p.A.	Rome	"	12,660,000	15	"	2,400
- Torreblanca del Sol S.A.	Spain	"	1,202,000	15	"	2,007
- Immobiliaria Y Construcciones	Spain			15		
Torresol S.A.		"	246,410		"	7
- Calcestruzzi ed Inerti S.r.l.	Civita Castellana (VT)	"	11,000	50	"	5
- SO.G.IM. S.r.l.	Rome	"	50,000	5,4	"	3
- Sipac S.p.A.(in liquidation)	Milan	"	1,033	7,5	"	77
- Consorzio Toscocem (in liquidation)	Rome	"	31	50	"	16
- Cimentas Egitim (Fondazione)	Izmir	TRL	30,000,000	93,33	"	51
- Ataer A.S.	Izmir	"(mil)	5,500,000	0,00048	"	5
					€/000	**9,485**
				Total	**€/000**	**11,678**

The changes in the period, equal to Euro 4 thousand, relates exclusively to the effect of Euro/Turkish Lira exchange rate.

"Treasury shares", valued at Euro 7,115 thousand, represent 2,533,226 ordinary shares of a par value of 1 Euro each, recorded at an average value of Euro 2.81, equal to approximately 1.59% of the share capital at June 30, 2004. These shares were purchased in accordance with the Shareholders' Meeting resolution of May 10, 2004.

CURRENT ASSETS

Total current assets increased from Euro 368,236 thousand to Euro 372,074 thousand and include the following assets:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
- Inventories	31,809	33,265	(1,456)
- Receivables	145,929	145,436	493
- Current financial assets	3,060	0	3,060
- Cash in banks and on hand	191,276	189,535	1,741
	372,074	**368,236**	**3,838**

INVENTORIES

Inventory is valued in accordance with the Group accounting principles as detailed below:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
Raw materials, supplies and consumable goods	19,749	18,940	809
Semi-finished products	5,744	7,760	(2,016)
Finished products	5,806	6,471	(665)
Payments on account	510	94	416
	31,809	**33,265**	**(1,456)**

If the inventories had been valued using a costing method that approximates to current values at the balance sheet date, the book value would have been approximately Euro 3 million higher (approximately 3.3 million at December 31, 2003).

RECEIVABLES

Receivables, amounting to a total of Euro 152,077 thousand consist of the following accounts:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
Trade receivables	89,128	80,240	8,888
Associated and other companies	373	510	(137)
Others	56,428	64,686	(8,258)
	145,929	**145,436**	**493**

Trade receivables arising from commercial transactions for the sale of goods and services are recorded at their nominal value, adjusted to their estimated realisable value through an appropriate provision for doubtful debts amounting to Euro 3,480 thousand, taking into consideration disputes and the general risk of non-payment.

Receivables from associated and other companies refer to short-term trade receivables from Speedybeton S.p.A.

The other receivables of Euro 56,428 thousand relate to transactions of a non-commercial nature, all due within one year.

The composition of this account is as follows:

	(in Euro thousands)
Deferred tax asset	53,571
Tax payment on account	1,747
VAT receivables	76
Advances to suppliers	328
Receivables for the sales of tangible assets	178
Other receivables	528
	56,428

In relation to the deferred tax asset, calculated on the timing differences between assessable income taxes due and the results as per the financial statements, based on the applicable accounting principle, a rate of 33% was utilised relating to the IRES tax introduced from 2004 as per Law 80/2003. This refers principally (Euro 23,812 thousand) to the write-down of the Cimentas shareholding and to the re-capitalisation to cover the losses in the subsidiary Intercem S.A., made by the Parent Company Cementir in 2003 and in previous period - the tax impact of which is spread over five periods at constant rates.

The balance also include Euro 19,602 thousand relating to the taxes calculated on the depreciation of the Revaluations as per Law 342/2000, provided for in the statutory financial statements of the Parent Company and reversed in the consolidated financial statements, as well as deferred taxes calculated on the non-deductible portion of the doubtful debt provision and fiscal losses totalling Euro 10,157 thousand.

CURRENT FINANCIAL ASSETS

The account relates entirely to short-term government bonds held by the subsidiary Cimentas with part of the maturity between 90 and 180 days and part over 180 days, with interest at an annual average rate of approximately 27%.

CASH AND CASH EQUIVALENTS

The account amounts to Euro 191,276 thousand and consists of the Group’s liquidity and is mainly held in short-term investments.

PREPAYMENTS AND ACCRUED INCOME

The account “prepayments and accrued income” equal to Euro 2,394 thousand, mainly consist of prepayments of Euro 1,214 thousand, principally calculated on the charges related to the mortgage granted to the Parent Company by M.C.C. S.p.A. (Euro 501 thousand), and accrued income of Euro 1,180 thousand.

LIABILITIES & EQUITY

GROUP NET EQUITY

The Group net equity consists of:

(in Euro thousands)

	June 30, 2004	**Dec. 31, 2003**	**Change**
Share capital	159,120	159,120	-
Share premium reserve	15,052	22,711	(7,659)
Revaluation reserve	-	-	-
Extraordinary reserve	-	1,737	(1,737)
Legal reserve	7,859	7,859	-
Reserve for own shares in portfolio	7,115	7,115	-
Reserve for the acquisition of treasury shares	5,885	5,885	-
Other reserves	308,261	240,417	67,844
Profit brought forward	-	-	-
Net profit for the period	15,148	60,243	(45,095)
	518,440	**505,087**	**13,353**

The share capital relates to the Parent Company Cementir S.p.A. and consists of 159,120,000 ordinary shares with a par value of 1 euro each.

Having approved a dividend of Euro 9,396 thousand, an amount of Euro 1,737 thousand was utilised from extraordinary reserves and Euro 7,659 thousand was utilised from the share premium reserve.

In accordance with the shareholders' resolution of May 10, 2004, authorisation was given for the sale and purchase of treasury shares pursuant to Art. 2357 of the Civil Code for a maximum amount of Euro 13 million.

In relation to the account "Reserve for treasury shares held" (Euro 7,115 thousand) and "Reserve for the acquisition of treasury shares" (Euro 5,885 thousand), these reserves are non-distributable, until such time as the shares continue to be owned and/or until the time allowed for further acquisitions has expired (12 months from the resolution of May 10, 2004).

No taxes have been provided for "reserves in suspense", or on the carried-forward profits of subsidiaries that are subject to taxation in the case of distribution, as operations that might result in the payment of the tax are not foreseen at the present moment.

A statement showing the changes during the period in the individual accounts is attached.

MINORITY INTERESTS

The minority interest net equity amounts to Euro 6,139 thousand including the profit for the period of Euro 187 thousand, relating principally to 2.9% of the net equity of the Cimentas Group at June 30, 2004.

PROVISIONS FOR CONTINGENCIES AND CHARGES

The account includes provisions established to meet certain future risks and charges and does not represent adjustments or corrections to asset values.

They consist of:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
Taxation	2,505	454	2,051
Other provisions:			
- Other	539	492	47
	3,044	**946**	**2,098**

The account “Provision for taxation” includes, almost entirely, the provision for current taxes for the period and recorded as a provision as the amount is considered probable.

In calculating the amount due by Group companies for income taxes for the period, reasonable account was taken of the changes to be made in the determination of the assessable income.

In relation to taxes, the Parent Company Cementir S.p.A. adhered also for the year 2002, to the fiscal amnesty as per Legislative Decree 282/2002 and Law 27/2003 that, among other matters, permitted the finalisation of pending disputes of a fiscal nature, in addition to the possibility to integrate and finalise the assessable income tax and VAT relating to previous years.

The account “Other” includes the provision of Euro 371 thousand for cyclical maintenance to deal with the maintenance and overhaul of the propriety ship, the “provision for indemnities to agents” of Euro 143 thousand and the provision for exchange rates movements of Euro 25 thousand.

No amounts were recorded for current litigation, prevalently of an environmental nature, due to the uncertainty relating to these matters; however it is not likely that significant charges will arise for the Group.

EMPLOYEE LEAVING INDEMNITY PROVISION

The provision equal to Euro 9,974 thousand (Euro 9,646 thousand at December 31, 2003), represents the amount due by the individual companies for staff leaving indemnities, in accordance with article 2120 of the Civil Code and local regulations in force in Turkey.

The movements in the provision in 2004 were as follows:

	(in Euro thousands)
Balance at December 31, 2003	**9,646**
Utilisation in the period	(580)
Provisions in the period	908
Balance at June 30, 2004	**9,974**

The total Group employees at June 30, 2004 amounted to 1,281 (1,233 at December 31, 2003), consisting of 35 managers, 669 supervisors, white-collar, temporary staff and 577 blue-collar workers.

The number of employees of the Cimentas Group at the end of the period was 720 (24 managers, 446 supervisors, white-collar and temporary staff and 250 blue-collar workers.

PAYABLES

The breakdown of payables is as follows:

(in Euro thousands)

	June 30, 2004	Dec. 31, 2003	Change
To banks	43,712	37,797	5,915
• due within one year	33,002	26,614	6,388
• due beyond one year	10,710	11,183	(473)
to other lenders	39,008	39,008	0
Payments on account	208	134	74
Trade payables	64,998	61,513	3,485
Due to tax authorities	4,882	15,510	(10,628)
Payables to pension and social security institutions	1,287	1,405	(118)
Others	4,964	14,997	(10,033)
	159,059	**170,364**	**(11,305)**

In relation to bank payables the total amount of secured loans amounts to Euro 11,648 thousand.

The payables to banks over one year amount to Euro 10,710 thousand and refers to a loan granted to the Parent Company Cementir by the Cassa di Risparmio di Verona at a variable interest rate maturing in 2014.

The total amount of mortgage loans maturing within five years is Euro 5,028 thousand and over five years is Euro 6,620 thousand.

The amount “Due to other lenders” refers to a subsidised loan granted to the Parent Company Cementir in July 2002 by five credit institutions (lead bank M.C.C. S.p.A.) and linked to loans granted to companies investing in developing countries; the amount lent is approximately Euro 39 million at variable rates, maturing in 8 years.

Trade payables, equal to Euro 64,998 thousand, are all payable within one year and increased by Euro 3,485 thousand.

The amount due to tax authorities amounted to Euro 4,882 thousand and are all payable within one year.

The decrease compared to the previous year is largely due to the payment by Cementir of the substitute tax on monetary revaluation ex Law 342/2000, for an amount of approximately Euro 8.5 million.

The breakdown is as follows:

	(in Euro thousands)
VAT payables	1,608
Provision for income taxes, net of payments on account	1,971
Amnesty tax as per law 27/2003	656
Withholding taxes on contributions	602
Other taxes	45
	4,882

The payables to pension and social security institutions, amounting to Euro 1,287 thousand, refers principally to payables to INPS, INAIL and other social security entities in Turkey for contributions due by the Group or deducted from employees, all payable in the following period.

The other payables of Euro 4,964 thousand consist of items not of a strictly commercial nature.

The breakdown is as follows:

	(in Euro thousands)
Employee payables, provisions for holidays not taken and relative contributions	1,935
Emoluments for corporate boards	287
Deposits	285
Payables to agents	199
Shareholders for unpaid dividends	16
Other payables	492
	3,214
Payables to Vianini Lavori S.p.A.	1,070
Payables to Caltagirone S.p.A.	680
Payables to associated companies	**1,750**
	4,964

The payables to the related companies Caltagirone S.p.A. and Vianini Lavori S.p.A. are due to the transfer of tax credits.

ACCRUALS AND DEFERRED INCOME

The account accruals and deferred income, equal to Euro 2,714 thousand, principally consists of deferred income of Euro 2,083 thousand; the latter relates to the quota of grants due to the Parent Company Cementir at June 30, 2004 (Euro 2,083 thousand) against assets not yet depreciated.

MEMORANDUM ACCOUNTS

The memorandum accounts are fully detailed in the consolidated balance sheet.

In particular, “sureties and mortgages in favour of third parties” (approximately Euro 12,105 thousand) relate to the residual amount to guarantee the loans granted on industrial property.

INCOME STATEMENT

VALUE OF PRODUCTION

The value of production in the first half year of 2004, amounting to Euro 152,142 thousand (Euro 142,878 thousand in the first half of 2003), includes all the revenues from the operations of the Group companies excluding those of a financial or an extraordinary nature.

The breakdown of the value of production is as follows:

(in Euro thousands)

	IH 2004	IH 2003	Change
Revenues from sales and services	154,075	145,855	8,220
Changes in inventories of semi-finished and finished products	(3,000)	(3,806)	806
Increases in internal work capitalised under fixed assets	182	113	69
Other revenues and income	885	716	169
	152,142	**142,878**	**9,264**

The account revenues from sales and services equal to Euro 154,075 thousand relates, almost exclusively, to revenues from the Group's normal operations. Revenue from services mainly concerns reimbursements from customers for transport and other service costs.

We highlight the presence, within the total revenues, of sales relating to the ready-mixed concrete sector of approximately Euro 18.9 million and revenues of approximately Euro 5.1 million of a Turkish subsidiary Destek A.S. that performs activities not strictly related to the normal operations of the Cementir Group (catering, fuel distribution, real estate).

The geographic division of sales is as follows:

	%
Italy	66.4
Turkey	26.9
Other countries	6.7
Total	**100.0**

With regard to revenues from domestic sales, given the geographic positioning of the Group's factories, these sales are all over the country.

PRODUCTION COSTS

The amount consists of all costs sustained for production during the period, excluding costs of a financial and extraordinary nature.

Production costs consist of the following items:

(in Euro thousands)

	IH 2004	IH 2003	Change
Raw, ancillary and consumable materials and goods	64,555	61,718	2,837
Service costs	31,297	26,701	4,596
Use of third party assets	255	146	109
Personnel costs	16,592	16,370	222
Amortisation, depreciation and write-downs	13,946	14,681	(735)
Changes in inventories of raw, ancillary and consumable materials and goods	(445)	999	(1,444)
Provisions for risks	70	71	(1)
Other operating expenses	1,560	3,961	(2,401)
	127,830	**124,647**	**3,183**

The account "raw, ancillary and consumable materials and goods", "services", and "use of third party assets" amount to a total of Euro 96,107 thousand, and include costs relating to the normal productive and commercial activity of the consolidated companies, as well as costs of technical, commercial and administrative consultancy and transport costs for delivery of products sold.

"Personnel costs" of Euro 16,592 thousand, represent the amounts incurred by the Group for salaries (Euro 11,405 thousand), for pension and social security payments of the consolidated companies (Euro 3,532 thousand), provisions for employee leaving indemnities (Euro 908 thousand) and for other costs including additional indemnities, professional payments, contributions for cultural and recreational activities and the insurance costs directly affecting employees (Euro 747 thousand).

The average payroll for the first half of 2004 was 1,257 employees, of which 35 were managers, 652 supervisors, blue-collar and temporary staff and 570 blue-collar workers.

The account "depreciation, amortisation and write-downs" of Euro 13,946 thousand (Euro 14,681 thousand in 2003), breaks down as follows:

(in Euro thousands)

	IH 2004	IH 2003	Change
Intangible fixed assets	3,259	3,417	(158)
Tangible fixed assets	10,252	10,877	(625)
Provisions for doubtful debts	435	387	48
	13,946	**14,681**	**(735)**

Amortisation of "intangible fixed assets" (Euro 3,259 thousand) includes Euro 3,186 thousand for the amortisation of the consolidation difference following the acquisition of the Cimentas Group, corresponding to Euro 127,450 thousand. The amortisation of the above consolidation difference is calculated over 20 years.

The amount also includes the amortisation of the expenses incurred on share capital operations and costs with future utility, relating principally to the SAPR3 information system.

The depreciation of “tangible fixed assets”, equal to Euro 10,252 thousand, represents ordinary depreciation made in the year applying economic-technical rates which coincide with the maximum rates permitted by tax laws, reduced by 50% for the assets entering into service in the year.

The “provision for doubtful debts” (Euro 435 thousand), corresponds to charges considered necessary to cover expected losses on receivables from customers.

The account “provisions for risks”, equal to Euro 70 thousand, relates entirely to provisions for the on-going maintenance programme of the proprietary ship.

The “other operating costs”, amounting to Euro 1,560 thousand, include, inter alias, concession fees and indirect taxes and dues (Euro 1,074 thousand) and expenses for professional association contributions (Euro 235 thousand).

Indirect taxes include property taxes of Euro 381 thousand.

For the requirements of the Financial Community and on the basis of criteria adhering more to the management operations, directors and statutory auditor’s fees were included in the account “Service costs”.

FINANCIAL INCOME AND CHARGES

The net income amounts to Euro 5,615 thousand as follows:

(in Euro thousands)

	IH 2004	**IH 2003**	**Change**
Income from equity investments	1,080	1,777	(697)
Other financial income	8,473	3,904	4,569
Interest and other financial charges	(3,938)	(3,990)	52
	5,615	**1,691**	**3,924**

Income from equity investments refers to dividends from Caltagirone Editore S.p.A.

The account “other financial income” relates principally to exchange gains of Euro 5,132 thousand, bank interest received of Euro 2,196 thousand and grants as interest relief relating to financing received by the Parent Company on investments made in developing countries of Euro 570 thousand.

The account “Interest and other financial charges” principally relates to exchange losses recorded at the end of the period (Euro 1,259 thousand), prevalently concerning the Cimentas Group companies, overdraft interest (Euro 998 thousand), and interest on medium/long term loans from banks (Euro 637 thousand) on loans contracted by Group companies.

Relating to the values from the companies of the Cimentas Group, the account includes charges relating to the re-statement of the non-monetary income statement and balance sheet accounts in the unit of measurement at the date of the financial statements to reflect the effects of the change in the general price index of an economy with hyperinflation, as governed by the international accounting standard (IAS) No 29 (approximately Euro 900 thousand).

EXTRAORDINARY INCOME AND CHARGES

The account “Extraordinary income and charges” includes all the income and charges other than the normal activities of the business.

The overall balance is a negative amount of Euro 260 thousand resulting from the difference between income (Euro 229 thousand) and charges (Euro 489 thousand).

The “extraordinary charges” also includes the costs for the adhesion, by the Parent Company Cementir S.p.A., to the fiscal amnesty for the year 2002 as per Legislative Decree 282/2002 and Law 27/2003 (approximately Euro 76 million).

INCOME TAXES

As previously commented upon, for the half-year of 2004, the Parent Company did not avail of the faculty to present the results pre-tax.

The overall fiscal charge amounted to Euro 14,332 thousand.

In particular, the account includes current income taxes of Euro 4,698 thousands and the reversal for Euro 9,971 thousand of deferred tax assets made in previous years by the Parent Company Cementir relating to the losses in the subsidiary Intercem S.A. and the write-downs by the Parent Company of the investment in Cimentas A.S..

Finally, the account includes the reversal of the deferred tax asset in relation to the depreciation calculated on the revaluations as per Law 342/2000, for Euro 5,577 thousand and the provision of deferred tax assets calculated on fiscal losses of Euro 5,914 thousand.

SCHEDULE OF THE CHANGES IN THE CONSOLIDATED NET EQUITY ACCOUNTS AND OTHER ATTACHMENTS

CEMENTIR GROUP

STATEMENT OF CHANGE IN CONSOLIDATED GROUP NET EQUITY
JUNE 30, 2004
(in thousands of Euro)

Description	**Share capital**	**Share premium reserve**	**Legal reserve**	**Extra. reserve**	**Reserve for own shares in portfolio**	**Reserve for the acquisition of treasury shares**	**Other reserves**	**Profit for the period**	**Total Shareholders' Equity**
Balances at December 31, 2003	**159,120**	**22,711**	**7,859**	**1,737**	**7,115**	**5,885**	**240,417**	**60,243**	**505,087**
Allocation of 2003 profit									
- to other reserves							60,243	(60,243)	**0**
Distribution of dividend on 2003 profits		(7,659)		(1,737)					**(9,396)**
Effect of reclassification of Cimentas Net Equity (IAS 29), and effect of Euro/Turkish Lira exchange rate							7,601		**7,601**
Profit for the period								**15,148**	**15,148**
Balances at June 30, 2004	**159,120**	**15,052**	**7,859**	**0**	**7,115**	**5,885**	**308,261**	**15,148**	**518,440**

CEMENTIR GROUP

STATEMENT OF CHANGE IN CONSOLIDATED GROUP NET EQUITY
DECEMBER 31, 2003
(in thousands of Euro)

Description	Share capital	Share premium reserve	Revaluation reserve ex law 413/91	Legal reserve	Extra. reserve	Reserve for own shares in portfolio	Reserve for acquisition of treasury shares	Other reserves	Profit brought forward	Profit for the period	Total Shareholders' Equity
Balances at December 31, 2002	**159,120**	**22,711**	**2,429**	**7,859**	**7,411**	**6,987**	**6,013**	**178,903**	**3,721**	**45,308**	**440,462**
Allocation of 2002 profit											
- to other reserves								45,308		(45,308)	**0**
Distribution of dividend on 2002 profits					(5,674)				(3,721)		**(9,395)**
Reclass. revaluation reserve ex law 413/91			(2,429)					2,429			**0**
Reclass. of treasury shares reserve						128	(128)				**0**
Effect of reclassification of Cimentas Net Equity(IAS 29), and net effect of Euro/ Turkish Lira exchange rate								13,777			**13,777**
Result for the period										**60,243**	**60,243**

Balances at December 31, 2003	**159,120**	**22,711**	**0**	**7,859**	**1,737**	**7,115**	**5,885**	**240,417**	**0**	**60,243**	**505,087**

CEMENTIR GROUP

CONSOLIDATED INTANGIBLE FIXED ASSETS

(in thousands of Euro)

Description	Residual value as at 31/12/03	Increases from investments	Decreases from amortisation	Changes for restatement of values (inflation/write-downs)	Residual value as at 30/06/2004
Formation, start-up and similar costs	28	-	(6)	-	22
Goodwill	52	-	(14)	-	38
Other intangible assets	194	82	(53)	9	232
Consolidation difference	113,608	-	(3,186)	-	110,422
Total as per financial statements	**113,882**	**82**	**(3,259)**	**9**	**110,714**

CEMENTIR GROUP

TANGIBLE FIXED ASSETS AND RELATIVE PROVISIONS FOR DEPRECIATION

(in thousands of Euro)

Historical cost	Provisions for depreciation

Description	Dec. 31, 2003	Investments	Sales	Reclass.	Changes for restatement of values (inflation/write-downs)	As at June 30, 2004	Dec. 31, 2003	Depreciation in the period	Utilised for sales	Changes for restatement of values (inflation/write-downs)	As at June 30, 2004	Residual value as at 30/06/2004
Land and buildings	198,726	56	-	40	5,915	204,737	108,015	2,268	-	2,706	112,989	91,748
Plant and machinery	451,964	310	(5)	2,646	13,061	467,976	359,164	7,226	-	9,649	376,039	91,937
Industrial and commercial equipment	6,600	55	-	56	131	6,842	6,081	128	-	108	6,317	525
Other assets	25,193	142	(314)	44	1,371	26,436	20,940	630	(313)	1,140	22,397	4,039
Assets under construction and payments on account	3,791	5,760	(4)	(2,786)	5	6,766	-	-	-	-	0	6,766
Total as per financial statements	**686,274**	**6,323**	**(323)**	**0**	**20,483**	**712,757**	**494,200**	**10,252**	**(313)**	**13,603**	**517,742**	**195,015**

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2004

(in thousands of Euro)

		IH 2004	2003
A.	**NET INITIAL CASH (SHORT TERM)**	**162,921**	**129,361**
B.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit for the period	15,148	60,243
	Amortisation & Depreciation	13,511	28,338
	Net change in provision for contingencies and charges	2,098	(5,035)
	Net change in provisions for employee termination indemnities	328	56
	Net (capital gains) losses from the sale of financial and tangible fixed assets	(37)	(1,722)
	Effect of the valuation of holdings under the net equity method	-	96
	(Increase) reduction in inventories	1,456	(1,821)
	(Increase) reduction in trade receivables	(8,888)	(6,087)
	(Increase) reduction in other receivables	8,395	(34,007)
	Increase (reduction) in trade payables	3,485	(1,452)
	Increase (reduction) in other payables	(20,705)	10,538
	Other changes in working capital	(1,271)	(1,310)
		13,520	**47,837**
C.	**CASH FLOW DERIVED FROM INVESTMENTS ACTIVITIES**		
	Investments in fixed assets:		
	- intangible	(82)	(69)
	- tangible	(6,323)	(15,367)
	- treasury shares	-	(128)
	Sales value of tangible fixed assets	47	3,164
	Sales value of financial fixed assets	36	6,905
		(6,322)	**(5,495)**
D.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Effect of the reclassification of minority net equity	372	711
	New loans received, net of the short term portion	-	-
	Repayments of medium/long term loans	(473)	(2,388)
		(101)	**(1,677)**
E.	**DIVIDENDS DISTRIBUTED**	**(9,396)**	**(9,395)**
F.	**EFFECT OF RESTATEMENT OF NON MONETARY VALUES (IAS 29) AND EFFECT OF EURO/TURKISH EXCHANGE RATE**	**712**	**2,290**
G.	**CASH FLOW FOR THE PERIOD (B+C+D+E+F)**	**(1,587)**	**33,560**
H.	**NET FINAL CASH FLOW (SHORT-TERM)**	**161,334**	**162,921**