

INTERIM FINANCIAL REPORT
31 MARCH 2008

 **cementir**holding



Directors, officers and auditors

Honorary Chairman

Luciano Leone

Board of Directors

Chairman

¹ Francesco Caltagirone Jr.

Vice Chairman

² Carlo Carlevaris

Directors

Pasquale Alcini

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo

Mario Ciliberto

² Massimo Confortini

Fabio Corsico

¹⁻² Mario Delfini

Alfio Marchini

Walter Montevocchi

¹ Riccardo Nicolini

Board of Auditors

Chairman

Claudio Bianchi

Standing members

Giampiero Tasco

Carlo Schiavone

Manager responsible for preparing the Company's financial reports

Oprandino Arrivabene

Independent auditors

PriceWaterhouseCoopers SpA

¹ Member of the Executive Committee

² Member of the Internal Control Committee and the Remuneration Committee



Interim financial report at 31 March 2008

Performance in the first quarter of 2008

This interim financial report of the Cementir Holding Group has been prepared in accordance with international accounting standards (IAS/IFRS) and has been drawn up pursuant to Art. 154-ter (Financial reporting) of Legislative Decree 58/98 (the Consolidated Law on Financial Intermediation) as amended.

Results

(EUR '000)	1st Quarter 2008	1st Quarter 2007	Δ %
NET REVENUES FROM SALES AND SERVICES	245,096	237,389	3.25%
Change in inventories	14,092	5,941	
Other revenues	2,874	3,088	
TOTAL OPERATING REVENUES	262,062	246,418	6.35%
Raw material costs	(112,604)	(99,283)	13.42%
Costs of services	(63,676)	(56,732)	12.24%
Personnel costs	(42,645)	(41,832)	1.94%
Other operating costs	(4,389)	(3,891)	12.80%
TOTAL OPERATING COSTS	(223,314)	(201,738)	10.70%
EBITDA	38,748	44,680	-13.28%
<i>EBITDA / NET REVENUES %</i>	<i>15.81%</i>	<i>18.82%</i>	
Depreciation, amortisation and provisions	(18,409)	(17,097)	7.67%
EBIT	20,339	27,583	-26.26%
<i>EBIT / NET REVENUES %</i>	<i>8.30%</i>	<i>11.62%</i>	
FINANCIAL INCOME (EXPENSE)	(16,500)	(1,558)	
PROFIT BEFORE TAX	3,839	26,025	-85.25%

Sales volumes

(EUR '000)	1st Quarter 2008	1st Quarter 2007	Δ %
Grey and white cement (metric tons)	2,211	2,199	0.56%
Ready-mixed concrete (m ³)	989	1,040	-4.92%
Aggregates (metric tons)	833	733	13.64%

Group employees

	31 March 2008	31 December 2007
Number of employees	3,976	3,882



The operating results at 31 March 2008 were in line with the forecasts for the quarter developed in preparing the budget for the current year.

In the first quarter of 2008, revenues from sales and services reached EUR 245.1 million (+3.25% compared with EUR 237.4 million in 2007). EBITDA came to EUR 38.7 million (-13.3% compared with EUR 44.7 million in 2007), while EBIT totalled EUR 20.3 million (-26.3% compared with EUR 27.3 million in 2007). Profit before taxes came to EUR 3.8 million (about EUR 26 million in the first quarter of 2007).

The increase in revenues reflects the solid performance of sales in all the main areas in which the Group operates, a sign that the markets for the Group's products have not been affected by any especially severe crisis. Both the Italian market and the Turkish market showed signs of growth, while the Scandinavian market remained stable. Compared with the first quarter of 2007, revenues in Italy were also buoyed by the entry into service of the Arquata Scrivia kiln.

EBITDA fell compared with the same period of 2007 as a result of the following factors: the Edirne (Turkey) plant did not make a full contribution to results for the period owing to works to expand capacity (the plant reopened at the end of April); the ready-mixed concrete market stagnated, in line with the performance of the entire sector at the international level; finally, energy costs rose sharply due to the tensions in the financial markets, thereby squeezing margins for the entire industrial sector.

It should also be borne in mind that the first part of the year is, for obvious weather-related reasons, the least important in terms of productivity and is traditionally the quarter in which plant maintenance is performed, therefore efficiency losses, in relation to smaller volumes, are more visible.

Net financial expense amounted to EUR 16.5 million, including EUR 5 million in interest on the debt (more than EUR 447 million at 31 March 2008). The application of international accounting standards, which require financial debt to be adjusted at end-of-period exchange rates, resulted in the recognition of a significant financial charge that did not, however, involve any cash outlay. The charge was largely attributable to the depreciation of the Turkish lira.



Net financial position

(EUR '000)	31 March 2008	31 December 2007	31 March 2007
Cash and cash equivalents	21,507	65,253	21,945
Non-current financial liabilities	(198,677)	(197,556)	(169,268)
Current financial liabilities	(269,895)	(232,545)	(301,068)
NET FINANCIAL POSITION	(447,065)	(364,848)	(448,391)

The net financial position at 31 March 2008 showed net debt of EUR 447.1 million, compared with EUR 364.8 million EUR at 31 December 2007. The figure, which shows a deterioration of EUR 82.2 million, reflects strategic investments for the expansion of production capacity now under way (the Edirne plant in Turkey and the Sinai plant in Egypt), the acquisition of the Danish company Kudsk & Dahl in March and recurrent maintenance of plants, which is traditionally carried out in the first part of the year. Excluding extraordinary operations not considered in preparing the budget, the net financial position at 31 March 2008 improved with respect to forecasts.

Directors' report and significant events

Performance in the current year is in line with expectations. The market difficulties in the ready-mixed concrete sector were accompanied by excessive strains in the international financial markets, especially with regard to certain cost items, such as energy and transport, that have a significant impact on the performance of a Group that operates in the cement industry. In the first quarter, production volumes are smaller and the production cycle does not exploit the normal economies of scale that are achievable during the rest of the year due to stoppages at plants for necessary maintenance, meaning that efficiency losses or gains are more visible.

Developments in the period confirmed the trends seen in recent years. The Group's results are in any event consistent with forecasts for 2008, which is expected to be a year of consolidation. Strategic investments to expand production capacity, primarily in the fastest growing countries, are proceeding swiftly.

The work to expand the white cement plant in Egypt, which is expected to be completed by the end of 2008, is on schedule, while work to increase production capacity at the grey cement plant in Edirne, Turkey, was completed in April. Authorisation was also obtained for the construction of a new white cement plant in China, near the Group's existing facility, with an annual capacity of 600 thousand metric tons. The total investment is estimated at about EUR 60 million, with construction to be completed by the end of 2009.

Significant events during the quarter include:



- On 1 January 2008 the transfer of the Group's Italian operations to the wholly-owned subsidiary Cementir Italia Srl took effect. As noted, the operation was part of a reorganization project to implement a management model that better reflects the multinational dimension acquired in recent years.
- On 15 January 2008 the Extraordinary Shareholders' Meeting approved the change in the name of the company from "Cementir – Cementerie del Tirreno SpA" to "**Cementir Holding SpA**" and approved a capital increase of up to 2% of the share capital to back one or more stock option plans for Group managers with strategic responsibilities.
- On 11 February 2008 the Board, exercising the authorisation granted by the Shareholders' Meeting, voted to grant 1,225,000 options to key managers.
- Finally, on 3 March 2008, the Group, through its subsidiary Unicon, acquired 100% of the Danish company Kudsk & Dahl for EUR 21 million. Kudsk & Dahl is located in southern Denmark and operates in the aggregates sector. It sells about 1.2 million metric tons of aggregates and 100 thousand cubic metres of ready-mixed concrete per year. The company has revenues of EUR 16 million, EBITDA of EUR 3 million and 100 employees. With this operation, Cementir Holding will generate greater synergies and, by consolidating its presence in Scandinavia, takes another step in its expansion in Northern Europe.

As regards the outlook, the current macroeconomic environment is still affected by difficulties that make it especially difficult to forecast the extent and duration of the uncertainty that world markets are experiencing. The marginal exposure of the Group to the geographical areas that have been worst hit by recessionary pressures is not sufficient to justify any general optimism, although the operational results for the quarter are in line with budget projections. Energy and transport costs, key factors in this industry, are continuing to set new highs. Management will continue to focus on increasing efficiency and leveraging synergies from the transfer of expertise and technologies among the Group companies. In 2008, the Company, as planned, will expand its cement production capacity by 10% solely in the emerging countries (Egypt and Turkey).

Rome, 8 May 2008

On behalf of the Board of Directors
The President
Francesco Caltagirone Jr.



* * *

Oprandino Arrivabene, as the manager responsible for preparing the Company's financial reports, certifies, pursuant to Article 154-bis (2) of the Consolidated Law on Financial Intermediation, that the accounting information contained in this document corresponds with that contained in company documents, books and accounting records.