



Cementerie del Tirreno S.p.A.

REPORT AND ANNUAL ACCOUNTS 2004
FIFTY-EIGHTH YEAR

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

CORPORATE BOARDS BEFORE SHAREHOLDERS' MEETING

BOARD OF DIRECTORS (*)

Honorary Chairman
LUCIANO LEONE

Chairman
FRANCESCO CALTAGIRONE (**)

Vice Chairman
CARLO CARLEVARIS

Managing Director and General Director
RICCARDO NICOLINI (**)

Directors
PASQUALE ALCINI, EDOARDO CALTAGIRONE,
SAVERIO CALTAGIRONE, MARIO CILIBERTO,
MARIO DELFINI (**), ALFIO MARCHINI, WALTER
MONTEVECCHI

BOARD OF STATUTORY AUDITORS

Chairman
CLAUDIO BIANCHI

Standing Auditors
GIAMPIERO TASCO
CARLO SCHIAVONE

Independent Audit Firm
PRICEWATERHOUSECOOPERS S.p.A.

() Offices conferred by the Board of Director's meeting of May 22, 2003*

*(**) Members of the Executive Committee*

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DELEGATED POWERS

*In accordance with Consob
recommendation No. 97001574
of February 20, 1997
the nature of the powers delegated to the members
of the Board of Directors are indicated*

CHAIRMAN

*The Chairman has the power to carry out, with sole signature,
all the acts of ordinary and extraordinary administration,
with the exception of those reserved to the
Shareholders' Meeting and the Board of Directors.*

VICE CHAIRMAN

*The Vice Chairman has the power to carry out,
with sole signature, in the case of the absence or impediment of the Chairman,
all the acts of ordinary and extraordinary administration,
with the exception of those reserved to the
Shareholders' Meeting and the Board of Directors.*

EXECUTIVE COMMITTEE

*The Executive Committee was delegated all of the powers
attributed to the Board of Directors by law
or by the company by-laws, except those attributed as per
articles 2423, 2443, 2446 and 2447 of the Civil Code.*

SHAREHOLDERS' MEETING OF APRIL 14, 2005

AGENDA

- 1) *Presentation of the Financial Statements for the year ended December 31, 2004, together with the Director's Report, Board of Statutory Auditor's Report and the Independent Auditors' Report, deliberations thereon.*

- 2) *Appointment of the Board of Statutory Auditors for the three-year period 2005/2006/2007 and determination of emoluments.*

- 3) *Sale and purchase of treasury shares in accordance with article 2357 and thereafter of the Civil Code; determination of the procedures and other consequent deliberations.*

**EXCERPT OF THE ORDINARY
AND EXTRAORDINARY
SHAREHOLDERS' MEETING OF
APRIL 14, 2005**

On April 14, 2005, at the time of 12:10 pm, at the registered offices of the company in Rome, under the Chairmanship of Francesco Caltagirone, the ordinary and extraordinary Shareholders' Meeting was held of Cementir – Cementerie del Tirreno S.p.A

A total of 20 shareholders were represented in person or by proxy amounting to 95,489,308 shares from a total share capital of 159,120,000.

The Shareholders' Meeting deliberated:

- *the approval of the Board of Director's Report and the financial statements for the year ended December 31, 2004;*
- *to distribute a dividend of Euro 0.07 for each of the 159,120,000 shares in circulation, payment date May 5, 2005, ex-dividend coupon No. 4 on May 2, 2005.*
- *to appoint, for the three-year period 2005, 2006 and 2007, the Board of Statutory Auditors as follows:*
Standing Auditors: Claudio Bianchi (Chairman),
Giampiero Tasco and Carlo Schiavone;
Alternate Auditors: Federico Malorni, Vincenzo Sportelli and
Maria Assunta Coluccia
- *to authorise, for a period of 12 months from April 14, 2005, the purchase and sale of treasury shares for a total of 6,000,000 shares, up to an amount of Euro 13,000,000 in accordance with article 2357 of the civil code.*

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CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP
FOR THE YEAR ENDED
DECEMBER 31, 2004

DIRECTOR'S REPORT ON OPERATIONS FOR THE YEAR 2004

Dear shareholders,

the financial position and results for the year 2004 of the Cementir Group (appropriately reclassified) are summarised, including comparison with the three previous years, in the tables below.

BALANCE SHEET POSITION	€000				%			
	2004	2003	2002	2001	2004	2003	2002	2001
FIXED ASSETS	884,932	318,050	327,908	378,263	72.26	46.28	53.39	59.77
NET INTANGIBLE FIXED ASSETS	361,956	113,882	120,701	128,359	29.55	16.57	19.65	20.28
TANGIBLE FIXED ASSETS	500,012	192,074	188,851	236,891	40.83	27.95	30.75	37.43
NET FINANCIAL FIXED ASSETS	22,964	12,094	18,356	13,013	1.88	1.76	2.99	2.06
CURRENT ASSETS	339,775	369,274	286,310	254,584	27.74	53.72	46.61	40.23
FINAL INVENTORY	73,777	33,265	31,444	34,922	6.02	4.84	5.12	5.52
TRADE RECEIVABLES	139,341	80,240	74,153	75,111	11.38	11.67	12.07	11.87
OTHER RECEIVABLES – SHORT TERM	66,683	66,234	31,931	48,124	5.44	9.63	5.20	7.60
LIQUID ASSETS	59,974	189,535	148,782	96,427	4.90	27.58	24.22	15.24
TOTAL ASSETS	1,224,707	687,324	614,218	632,847	100.00	100.00	100.00	100.00
GROUP EQUITY	613,895	497,972	433,475	405,641	50.13	72.44	70.58	64.10
SHARE CAPITAL	159,120	159,120	159,120	159,120	13.00	23.15	25.91	25.14
RESERVES	375,992	285,724	236,034	209,800	30.70	41.57	38.43	33.15
PROFIT (LOSS) FOR THE YEAR	78,783	60,243	45,308	43,708	6.43	8.76	7.38	6.91
TREASURY SHARES	0	(7,115)	(6,987)	(6,987)	0.00	(1.04)	(1.14)	(1.10)
MINORITY INTERESTS	27,950	5,767	5,056	3,514	2.28	0.84	0.82	0.55
MEDIUM/LONG TERM LIABILITIES	116,069	59,837	62,169	44,255	9.48	8.71	10.12	7.00
PROVISION FOR EMPLOYEE LEAVING INDEMNITY AND SIMILAR	10,412	9,646	9,590	12,198	0.85	1.41	1.56	1.93
MEDIUM/LONG TERM LOANS	105,657	50,191	52,579	19,212	8.63	7.30	8.56	3.04
OTHER MEDIUM/LONG TERM PAYABLES	0	0	0	12,845	0	0	0	2.03
CURRENT LIABILITIES	466,793	123,748	113,518	179,437	38.11	18.01	18.48	28.35
SHORT TERM LOANS	247,676	26,614	19,420	83,047	20.22	3.87	3.16	13.12
TRADE PAYABLES	119,793	61,513	62,965	68,601	9.78	8.95	10.25	10.84
OTHER PAYABLES - SHORT-TERM	99,324	35,621	31,133	27,789	8.11	5.19	5.07	4.39
TOTAL LIABILITIES & EQUITY	1,224,707	687,324	614,218	632,847	100.00	100.00	100.00	100.00

INCOME STATEMENT	€000				Δ %		
	2004(\$)	2003	2002	2001	2004/2003	2003/2002	2002/2001
NET TURNOVER	395,108	292,603	283,029	224,761	35.03	3.38	25.92
PURCHASES FOR THE YEAR	159,402	121,360	118,962	89,556	31.35	2.02	32.84
EXTERNAL COSTS	84,037	52,937	47,323	39,310	58.75	11.86	20.38
CAPITALISED COSTS	900	510	85	117	76.47	500.00	(27.35)
ADDED VALUE	152,569	118,816	116,829	96,012	28.41	1.70	21.68
<i>AV/SALES %</i>	<i>38.61</i>	<i>40.61</i>	<i>41.28</i>	<i>42.72</i>			
PERSONNEL COSTS	47,668	31,042	32,112	27,387	53.56	(3.33)	17.25
OTHER REVENUES	3,270	0	0	0	n/a	n/a	n/a
OTHER COSTS	1,069	0	0	0	n/a	n/a	n/a
EBITDA	107,102	87,774	84,717	68,625	22.02	3.61	23.45
<i>EBITDA/SALES %</i>	<i>27.11</i>	<i>30.00</i>	<i>29.93</i>	<i>30.53</i>			
AMORTISATION, DEPRECIATION AND PROVISIONS	39,683	28,882	28,517	17,601	37.40	1.28	62.02
INDIRECT TAXES	3,220	0	0	0	n/a	n/a	n/a
OTHER COSTS/INCOME	0	(6,034)	(6,076)	(2,384)	n/a	(0.69)	154.87
EBIT	64,199	52,858	50,124	48,640	21.46	5.45	3.05
<i>EBIT/SALES %</i>	<i>16.25</i>	<i>18.06</i>	<i>17.71</i>	<i>21.64</i>			
FINANCIAL INCOME	55,963	10,688	25,776	28,740	423.61	(58.54)	(10.31)
FINANCIAL CHARGES	8,109	8,424	9,142	11,298	(3.74)	(7.85)	(19.08)
FINANCIAL RESULT	47,854	2,264	16,634	17,442	2,013.69	(86.39)	(4.63)
ORDINARY RESULT	112,053	55,122	66,758	66,082	103.28	(17.43)	1.02
EXTRAORDINARY ITEMS	(2,435)	(15,237)	(6,248)	213	84.02	143.87	(3,033.33)
PRE-TAX RESULT	109,618	39,885	60,510	66,295	174.84	(34.09)	(8.73)
INCOME TAXES	(7,389)	(14,309)	(5,583)	(3,702)	(48.36)	156.30	50.81
DEFERRED TAX INCOME AND CHARGE	(23,155)	34,786	(10,323)	(19,645)	(166.56)	436.98	47.45
NET PROFIT BEFORE MINORITY SHARE	79,073	60,362	44,604	42,948	31.00	35.33	3.86
NET LOSS (PROFIT) OF MINORITY INTEREST	(290)	(119)	704	760	143.53	(116.90)	(7.37)
GROUP NET PROFIT	78,783	60,243	45,308	43,708	30.78	32.96	3.66
<i>NP/SALES %</i>	<i>19.94</i>	<i>20.59</i>	<i>16.01</i>	<i>19.44</i>			
NUMBER OF EMPLOYEES AS AT DECEMBER 31	3,071	1,233	1,274	1,681			

On October 29, 2004, the Cementir Group completed the acquisition of the Danish companies Aalborg Portland and Unicon, for a total value of Euro 572 million.

The principal characteristics of Aalborg Portland A/S and Unicon A/S are:

Aalborg Portland A/S

- world leader in the production of white cement;
- world leader in the production of grey cement in Denmark;
- access to important sources of procurement of raw materials;
- high technical quality of production plants;
- production in Denmark, Egypt, Malaysia, United States of America and China;

- principal economic indicators (year 2004):
 - Sales: Euro 230.8 million;
 - Ebitda: Euro 70.5 million;
 - Ebit: Euro 47.0 million;
 - Cement production capacity: Euro 3.5 million tonnes annually;
 - Employees: 990.

Unicon A/S

- largest ready-mix concrete producer in Northern Europe;
- leader in Denmark and Norway;
- factories in Denmark, Sweden, Norway and Poland;
- principal economic indicators (year 2004):
 - Sales: Euro 206.7 million;
 - Ebitda: Euro 26.8 million;
 - Ebit: Euro 12.5 million;
 - Sales of ready-made cement: Euro 2.2 million cubic metres annually;
 - Employees: 765.

This acquisition enables Cementir to become an important pan-European operator, through 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 synergies and provide the following benefits:

- world leadership in the production of white cement, a strongly expanding market;
- geographic diversification in Europe, North Africa, Middle East, Asia, United States of America and China;
- increase in sales by 136% and Ebitda by 106% (data 2004).

The new Group created from the integration between Cementir, Aalborg Portland and Unicon has the following characteristics (pro-forma data 2004):

- Sales: Euro 767 million;
- Ebitda: Euro 188 million;
- Ebit: Euro 111 million;
- Cement production capacity: Euro 11.1 million tonnes annually;
- Sales of ready-mix cement: Euro 3 million cubic metres annually;
- Employees: approx. 3,000.

In conclusion, 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 to more than 70 countries.

In accordance with article 71 of Consob Resolution No. 11971 the information prospectus was prepared and sent (together with the pro-forma statement at June 30, 2004) relating to the above acquisition and together with the Auditors' Report.

Economic Performance

Following this operation, the results are impacted by the effects of the consolidation of the above-mentioned companies for the last two months of the year and thus are not fully comparable; therefore, for a better understanding and interpretation of the financial statements, the following summary illustrates the principal economic indicators at December 31, 2004 compared to 2003:

	Italy-Turkey 2004	Italy-Turkey 2003	Aalborg-Unicon (2 months 2004)	Total 2004
Net Sales	320,371	292,603	74,737	395,108
Added value	126,101	118,816	26,468	152,569
Ebitda	92,226	87,774	14,876	107,102
Ebit	57,863	52,858	6,336	64,199

The year 2004 closed with net sales of Euro 395.1 million (of which Euro 206.1 million for the activities of the Group in Italy, Euro 114.3 million for the activities of the Group in Turkey and Euro 74.7 million for the last two months relating to the newly acquired Danish companies), compared to Euro 292.6 million in 2003.

The net sales for the year on the same consolidation area increased by 9.5% due to the good performance of the markets in which the group operates, in particular the Turkish market.

The value added, Euro 152.6 million compared to Euro 118.8 million in 2003, increased by Euro 33.8 million (+28.5%); on the same consolidation area the improvement was 6.1%.

The Ebitda was Euro 107.1 million (Euro 87.7 million in 2003), recording an increase of 22%; on the same consolidation area the improvement was 5.1%, increasing from Euro 87.8 million in 2003 to Euro 92.2 million in 2004.

The Ebitda in Italy was Euro 65.2 million, a decrease (Euro 7 million) compared to the previous year, due to higher energy, raw material and transport costs, while the Ebitda of the Cimentas Group was Euro 27 million compared to Euro 15.2 million in 2003, an improvement of 77.8%. The increase is due to the efficiency and development programmes implemented by the Turkish company acquired in 2001 aimed at improving productive efficiency, reducing costs and improving the contribution margins.

The consolidated Ebit of the Group in 2004 was Euro 64.2 million, an increase of 21.5% compared to Euro 52.9 million in the previous year; on the same consolidation area the Ebit was Euro 57.9 million in 2004, an increase of 9.5% compared to Euro 52.9 million in 2003.

The year 2004 closed with a consolidated net profit of Euro 79.1 million (Euro 60.4 million in 2003).

The personnel of the companies in the Group increased from 1,233 units at December 31, 2003 to 3,071 units at December 31, 2004 (1,755 employees at the Danish companies, 755 employees at Cimentas and 561 employees at the Parent Company Cementir and the other Italian subsidiaries) of which 61 executives, 1,400 managers, white-collar and temporary employees and 1,610 blue-collar.

Balance sheet

The investments made in tangible fixed assets in 2004 amounted to Euro 24.2 million (of which Euro 11 million relating to the Parent Company Cementir, Euro 5.3 million to the Cimentas Group and Euro 7.9 million relating only to the months of November and December to the Danish companies). These investments were almost exclusively in the cement sector and related to the rationalisation, modernisation and maintenance of all the factories, as well as updating the ecological plant.

The net financial position at the end of the year was a debt position of Euro 298.6 million. The decrease compared to 2003 was a consequence of the acquisitions described above (Euro 572 million) of the Danish companies Aalborg Portland and Unicon. The net change also reflects the positive flows deriving from normal operating activities and those consequent of the sale of non-strategic assets.

In relation to the acquisition of the Danish companies, at December 31, 2004, a tranche has still to be paid to the sellers equal to Euro 28 million.

The consolidated Net Equity increased from Euro 505.1 million to Euro 613.9 million as at December 31, 2004.

Transactions with subsidiary and associated companies, the Parent Company and companies controlled by the latter and related party 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 the subsidiary companies, detailed in the Director's Report on the financial statements of the Parent Company, were eliminated from these consolidated financial statements.

The balances at December 31, 2004 with the associated companies refer to short-term trade receivables with the US associated company Leigh White Cement Company of Euro 2,165 thousand, with the associated company Aalborg Siam White Cement located in Singapore of Euro 212 thousand and with Speedybeton of Euro 353 thousand.

During the year under examination the Parent Company received a dividend of Euro 1,080 thousand from the related company Caltagirone Editore S.p.A. and Euro 117 thousand from the associated company Speedybeton S.p.A.

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 the Parent Company Cementir. In particular Vianini Lavori S.p.A. and Vianini Industria S.p.A. have respectively purchased 1,137 and 8,280 tonnes of cement in the year 2004 at market prices (about 5,180 tonnes in 2003).

In 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 254 thousand.

In October, Cementir S.p.A. sold to the subsidiary Compact Puglia S.r.l. the building at Corso Francia for a price of Euro 20,000 thousand, corresponding to the value indicated in independent expert's report.

In November, Cementir sold to the related company Capitolium S.p.A. the investment of 4.30% held in Caltagirone Editore S.p.A., for an amount of Euro 34,922 thousand, and 2,533,226 Treasury Shares, for an amount of Euro 9,538 thousand. Both transactions were made at current stock market values.

In December 2004, Cementir sold to the related company SO.GIM. S.r.l. the investment held in Compact Puglia S.r.l. for an amount of Euro 16 thousand, equal to book value.

On October 21, 2004, the subsidiary Alfacem S.r.l. sold to Vianini Lavori S.p.A. the holding in Edigolfo S.p.A. for Euro 6,062 thousand, the value indicated in the expert's valuation report.

The subsidiary Cementir Delta in the year sold the holdings in Immobiliaria y construciones Torresol S.A. and Torreblanca del Sol S.A., respectively to the related companies Costedil S.r.l. and S.C.G. S.r.l, for a total value of Euro 8,280 thousand; also for these transactions expert valuation reports were prepared.

Significant events in the year

In addition to the acquisitions of the Danish companies, as further described in the initial part to the present report, disposals were made by the Group of non-strategic equity investments, on which important gains were realised; these transactions permitted the Group to concentrate its activities and resources on the core business.

Research and development activity

Pursuant to Art. 40 of Law Decree 127/1991, we 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 combustibles used in the production process.

The Aalborg Portland Group also invests in innovation and research as essential foundations for the attainment of their objectives. The innovation strategy is realised through the Research and Development Centre and the subsidiary CemMiljo in cooperation with scientists and architects at an international level.

The principal objectives of the Research Centre are that of optimising the efficiency of the processes and the quality of the products in the production centres in all of the countries, working on environmental problems and developing a market for their products.

Among the most important efforts is the development of the new processes and products to decrease the CO₂ emissions from the production of the cement; this includes the substitution of fossil fuel with neutral biological fuel for CO₂ purposes. The Research Centre is also active in documenting the positive environmental properties of cement that includes its capacity to absorb CO₂ and to preserve heat for energy saving. New possibilities are also emerging from the study of cement colouring and of its capacity to conserve its original aspect over time. This knowledge is also transferred to the clients and has permitted the white cement to be utilised with success also in the realisation of infrastructure.

The subsidiary CemMiljo operates in the production of alternative fuel; its raw material is comprised of industrial waste and waste from private residences; the fuel produced is utilised to replace carbon and petcoke in the production of cement at the Aalborg factory; currently almost 20% of all fuel utilised derives from the utilisation of alternative sources.

Waste water is also utilised as fuel as an alternative raw material. The recycled waste is collected in Denmark, Sweden, Norway and Germany. In 2004 approximately 63 thousand tonnes of alternative fuel were produced, 54% more than the previous year; the production expectations for 2005 are for a slight increase on 2004.

Treasury shares and/or shares or quotas of holding companies

At December 31, 2004 the Parent Company does not hold any treasury shares.

At December 31, 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.

Information relating to the adoption of IFRS for the year 2005

The Parent Company, based on Regulation (CE) No. 1725 of September 29, 2003 of the European Community that adopted some international accounting principles in conformity with Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002, is proceeding with the transition plans of the consolidated financial statements so that, commencing from January 1, 2005, it may prepare consolidated financial statements in conformity with International Accounting Standards - IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards).

The Company commenced a process of analysis and valuation of the most significant accounting, organisation, business and information system matters related to the introduction of the IFRS, in order to manage the impact of the changes in an effective manner. The preparation of the financial statements in accordance with international accounting standards will result in, among other matters, a substantial change in the company information and the accounting policies utilised.

In relation to this, the expected impact on the information systems and on the financial statement values is currently in progress; this analysis will be completed in the coming months.

Subsequent events and business outlook

In the first months of 2005 the activities of the Group are continuing as expected and there are no significant matters to report.

The acquisition of the Danish companies Aalborg Portland and Unicon represented the high point in the internationalisation process that commenced in 2001 with the acquisition of Cimentas.

The current size of the Group, that results in a wide geographic presence and therefore in different cyclical markets, permits a natural diversification of the risk, guaranteeing greater stability of the economic margins; in addition, on a wider perspective, further development and expansion opportunities can be evaluated and undertaken.

In relation to the operations in the current year, it should be noted that a particular commitment will be made to accelerate the processes of knowledge of the companies entering the Group, in particular aimed at pursuing synergies especially through the exchange of know-how; projects have already commenced on the integration of information systems which is expected will permit the use of a common system in 2006.

Relating to the principal geographical areas in which the Group operates, it is considered that the Danish market can confirm the good performance of the previous year, that the Turkish market should continue to grow at rates of recent years and for the Italian market the high level of consumption reached in 2004 is expected.

In relation to margins, the activities in Denmark should confirm those of recent years, in Turkey further improvement is expected, while in Italy the expectations is for a possible decrease in margins, as seen in 2004, due to the further increase of some operating costs.

*The Chairman
of the Board of Directors*

CONSOLIDATED BALANCE
SHEET AND INCOME
STATEMENT FOR THE YEARS
ENDED DECEMBER 31, 2004
AND 2003

CEMENTIR GROUP

CONSOLIDATED BALANCE SHEET (in Euro thousands)

ASSETS

	31.12.2004		31.12. 2003	
	Sub-total	Total	Sub-total	Total
A) UNPAID SHARE CAPITAL		0		0
B) FIXED ASSETS				
I. Intangible assets				
1. Formation, start-up and similar costs		85		28
2. Concessions, licences and brands		1,997		0
3. Goodwill		24		52
4. Other intangible assets		1,156		194
5. Assets in progress and payments on account		929		0
6. Consolidation difference		357,765		113,608
Total intangible assets		361,956		113,882
II. Tangible assets				
1. Land and buildings		168,942		90,711
2. Plant and machinery		307,704		92,800
3. Industrial and commercial equipment		525		519
4. Other fixed assets		11,780		4,253
5. Assets under construction and payments on account		11,061		3,791
Total tangible fixed assets		500,012		192,074
III. Financial				
1. Equity holdings in:		22,272		11,674
a) associated companies	19,717		2,193	
b) other companies	2,555		9,481	
2. Receivables:		619		420
a) from others	619		420	
3. Other securities		73		0
4. Treasury shares		0		7,115
Total financial fixed assets		22,964		19,209
TOTAL B) FIXED ASSETS		884,932		325,165
C) CURRENT ASSETS				
I. Inventories				
1. Raw materials, supplies and consumable stores		45,064		18,940
2. Semi-finished products		12,610		7,760
3. Finished products and goods for resale		14,576		6,471
4. Payments on account		1,527		94
Total inventory		73,777		33,265
II. Receivables				
1. Trade customers:		137,847		80,240
a) due within one year	134,979		80,240	
b) due beyond one year	2,868		0	
2. Associated and other companies (1)		2,730		510
4- Bis. Tax receivables (1)		6,132		429
4 Ter. Deferred tax asset (1)		47,641		63,067
5. Others:		7,277		1,190
a) due within one year	7,231		1,190	
b) due beyond one year	46		0	
Total Receivables		201,627		145,436
III. Current financial assets		1,706		0
IV. Cash in banks and on hand				
1. Bank and post office deposits		57,843		189,320
2. Cash and equivalent on hand		425		215
Total cash in banks and on hand		58,268		189,535
TOTAL C) CURRENT ASSETS		335,378		368,236
D) PREPAYMENTS AND ACC. INCOME		2,903		1,038
TOTAL ASSETS (A+B+C+D)		1,223,213		694,439

(1) All due within one year

CEMENTIR GROUP

CONSOLIDATED BALANCE SHEET (in Euro thousands)

LIABILITIES & EQUITY

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) SHAREHOLDERS' EQUITY				
I. Share capital		159,120		159,120
II. Share premium reserve		15,052		22,711
III. Revaluation reserve		0		0
IV. Legal reserve		7,859		7,859
V. Reserve for treasury shares in portfolio		0		7,115
VI. Statutory reserves		0		0
VII. Other reserves:		353,081		248,039
a) Capital grants	13,207		13,207	
b) Reserve art. 15 Law 113/88 No. 67	138		138	
c) Consolidation reserve	25,855		0	
d) Extraordinary reserve	0		1,737	
e) Reserve for treasury shares	13,000		5,885	
f) Reserve Law 349/95 art. 11	13		8	
g) Other reserves	300,868		227,064	
VIII. Retained earnings		0		0
IX. Profit for the year		78,783		60,243
GROUP SHARE OF NET EQUITY		613,895		505,087
Minority interest:				
I. Capital, reserves and retained earnings		27,660		5,648
II. Profit for the year		290		119
TOTAL MINORITY INTEREST		27,950		5,767
TOTAL A) NET EQUITY		641,845		510,854
B) PROVISIONS FOR CONTINGENCIES AND CHARGES				
1. Taxation		22,856		454
2. Other provisions		12,453		492
TOTAL B) PROVISIONS FOR CONTINGENCIES AND CHARGES		35,309		946
C) EMPLOYEE LEAVING INDEMNITY		10,412		9,646
D) PAYABLES				
1. Payables for shareholder loans:		5,290		0
a) due within one year	5,290		0	
2. Due to banks:		314,325		37,797
a) due within one year	247,676		26,614	
b) due beyond one year	66,649		11,183	
3. Other lenders		39,008		39,008
a) due beyond one year	39,008		39,008	
4. Advances (1)		208		134
5. Trade payables (1)		119,793		61,513
6. Associated companies (1)		60		0
7. Tax payables (1)		10,856		15,510
8. Payables to pension and social security institutions (1)		1,870		1,405
9. Other payables (1)		40,834		14,997
TOTAL D) PAYABLES		532,244		170,364
E) ACCRUALS AND DEFERRED INCOME		3,403		2,629
TOTAL LIAB. & EQUITY (A+B+C+D+E)		1,223,213		694,439

(1) All due within one year

CEMENTIR GROUP

CONSOLIDATED MEMORANDUM ACCOUNT (in Euro thousands)

	31.12.2004	31.12.2003
A) Guarantees		
1. Sureties: <u>in favour of third parties</u>	16,581	13,799
2. Other unsecured guarantees: <u>in favour of third parties</u>	116	116
3. Secured guarantees: <u>in favour of third parties</u>	38,150	12,105
Total A) Guarantees	54,847	26,020
B) Other Memorandum accounts	9,622	5,184
TOTAL MEMORANDUM ACCOUNTS	64,469	31,204

CEMENTIR GROUP

CONSOLIDATED INCOME STATEMENT (in thousands of Euro)

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) VALUE OF PRODUCTION				
1. Revenues from sales and services		391,255		292,031
2. Change in inventories of semi finished and finished products and work in progress		3,854		572
3. Change in contract work in progress		0		0
4. Increases in work capitalised under fixed assets		900		510
5. Other revenues and income		3,269		1,303
TOTAL A) VALUE OF PRODUCTION		399,278		294,416
B) COSTS OF PRODUCTION				
6. Raw materials, consumables and supplies		(157,389)		(121,231)
7. Services		(82,350)		(54,508)
8. Use of third party assets		(1,687)		(339)
9. Personnel costs		(47,958)		(31,766)
a) wages and salaries	(35,601)		(21,777)	
b) social security costs	(7,965)		(6,725)	
c) employee leaving indemnity	(1,756)		(1,632)	
d) other costs	(2,636)		(1,632)	
10. Amortisation, depreciation and write-downs		(39,030)		(28,711)
a) amortisation of intangible fixed assets	(6,985)		(6,785)	
b) depreciation of tangible fixed assets	(30,702)		(21,553)	
c) write-downs in current assets	(1,343)		(373)	
11. Change in inventory of raw materials, ancillary and consumables		(2,013)		(129)
12. Provisions for risks		(299)		(171)
13. Other provisions		(355)		0
14. Other operating expenses		(5,314)		(5,427)
TOTAL B) PRODUCTION COST		(336,395)		(242,282)
Difference between value and costs of production (A-B)		62,883		52,134
C) FINANCIAL INCOME AND CHARGES				
15. Income from equity investments:		45,527		2,169
a) associated companies	0		101	
b) other companies	1,080		1,308	
c) gains on sale of equity holdings	44,447		760	
16. Other financial income		6,320		6,142
a) from securities included under fixed assets not constituting equity investments	41		2	
b) other income than above:				
from others	6,279		6,140	
17. Interest and other financial charges		(8,107)		(5,083)
a) from others	(8,032)		(5,083)	
b) losses on sale of equity holdings	(75)		0	
17 bis. Exchange gains and losses		3,074		346
TOTAL C) FINANCIAL INCOME AND CHARGES		46,814		3,574
D) ADJUSTMENT TO FINANCIAL ASSET VALUES				
18. Revaluations: of equity investments		1,041		185
19. Write-downs : of equity investments		(2)		(1,495)
TOTAL D) ADJUST. TO FINANCIAL ASSET VALUES		1,039		(1,310)
E) EXTRAORDINARY INCOME AND CHARGES				
20. Income		11,519		4,333
a) gains on asset sales	10,685		1,079	
b) other income	834		3,254	
21. Charges		(12,637)		(18,846)
a) losses on asset sales	(242)		(90)	
b) other charges	(12,395)		(18,756)	
TOTAL E) EXTRA. INCOME AND CHARGES		(1,118)		(14,513)
PRE-TAX RESULT		109,618		39,885
22. Income tax		(30,545)		20,477
a) current income tax	(7,389)		(14,309)	
b) deferred tax charge	(6,174)		(343)	
c) deferred tax income	(16,982)		35,129	
RESULT INCLUDING MINORITY SHARE		79,073		60,362
MINORITIES SHARE OF LOSS (PROFIT)		(290)		(119)
GROUP SHARE OF NET PROFIT		78,783		60,243

EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2004

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
DECEMBER 31, 2004**

STRUCTURE AND CONTENTS

The Group consolidated financial statements as at December 31, 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.

The figures are expressed in thousands of Euro.

CONSOLIDATION AREA

The consolidated financial statements include the financial statements of the Parent Company Cementir and the following Italian and foreign subsidiaries:

Company	Registered office	Year end	Share Capital (Euro 000)	% held
Cementir Delta S.p.A.	Rome	31/12/2004	38,218	99.9
Intercem S.A.	Luxembourg	30/11/2004	100	100
Alfacem S.r.l.	Rome	31/12/2004	10	100
Calcestruzzi Picciolini S.p.A.	Rome	31/10/2004	104	99.9
Cem 2004 S.r.l.	Rome	31/10/2005	10	100
Globocem S.L.	Madrid	31/12/2004	3	100
Cementir Espana S.L.	Madrid	31/12/2004	340,003	100
Cimentas	Izmir (Turkey)	31/12/2004	17,155	97.10
Cimbeton	Izmir (Turkey)	31/12/2004	964	82.28
Kars Cimento	Kars (Turkey)	31/12/2004	545	97.10
Bakircay	Izmir (Turkey)	31/12/2004	229	97.10
Yapitek	Izmir (Turkey)	31/12/2004	22	96.92
Destek	Izmir (Turkey)	31/12/2004	3	97.08
Aalborg Portland A/S	Aalborg (Denmark)	31/12/2004	40,329	100
Aalborg Portland Island HF	Kopavogur (Island)	31/12/2004	3,624	100
CemMiljo A/S	Aalborg (Denmark)	31/12/2004	147	80
Aalborg Portland Polska Spzoo	Warszawa (Poland)	31/12/2004	24	100
Aalborg Portland US Inc	Dover (USA)	31/12/2004	1	100
Aalborg Cement Company Inc	Dover (USA)	31/12/2004	1	100
Aalborg Portland White A/S	Aalborg (Denmark)	31/12/2004	538	100
Sinai White Portland Cement Company	Giza (Eygpt)	31/12/2004	16,485	45 (*)

Aalborg Portland White China A/S	Aalborg (Denmark)	31/12/2004	1,277	70
Aalborg White Anqing Co Ltd	Anqing (China)	31/12/2004	2,893	70
Aalborg White Asia Sdn Bhd	Perak (Malaysia)	31/12/2004	18,434	70
Aalborg White Inc.	Manila (Philippines)	31/12/2004	130	70
Aalborg White Cement Pty Ltd	Sydney	31/12/2004	1	70
Skim Coat Industries Sdn Bhd	Perak (Malaysia)	31/12/2004	93	70
SCI Marketing & Services Sdn Bhd.	Perak (Malaysia)	31/12/2004	8	70
Aalborg Resources Sdn Bhd	Perak (Malaysia)	31/12/2004	492	70
<hr/>				
Unicon A/S	Roskilde (Denmark)	31/12/2004	20,165	100
Unicon AS	Sandvika (Norway)	31/12/2004	1,613	100
A/S Kobenhavns Betonfabrik	Roskilde (Denmark)	31/12/2004	269	100
AB Sydsten	Malmö (Sweden)	31/12/2004	1,663	50
Ekblads Betong AB	Jönköping (Sweden)	31/12/2004	55	37.5 (**)
HB Forserumsten	Växjö (Sweden)	31/12/2004	200	25 (**)
AB Sydsten Helsingborg	Helsingborg (Sweden)	31/12/2004	11	37.5 (**)
AGAB Syd AB	Malmö (Sweden)	31/12/2004	13	25 (**)
Everts Betongpumpning AB	Halmstad (Sweden)	31/12/2004	11	25.5 (**)
Skane Grus AB	Malmö (Sweden)	31/12/2004	111	30 (**)
JEPA Grus & Container AB	Malmö (Sweden)	31/12/2004	11	50
Unicon Spzoo	Warszawa (Poland)	31/12/2004	2,448	100
Polish Gravel Industry Spzoo	Warszawa (Poland)	31/12/2004	2,058	100

(*) consolidated based on voting agreements with a minority shareholder of 11%

(**) percentages composed of consolidation of subsidiary companies of AB Sydsten fully consolidated at 50%

The consolidation area changed considerably following the acquisition of the Danish companies Aalborg Portland A/S and Unicon A/S and consideration should be taken of the consequences of this effect in the comparison of the results for the two years. Where significant information has been provided on the effects of the change of the consolidation area.

APPENDICES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The present notes also include the following appendices:

- ◆ Reconciliation between the net result and net equity of the statutory financial statements of Cementir S.p.A. for the year and the corresponding amounts shown in the Group consolidated financial statements.
- ◆ Consolidated cash flow statement.
- ◆ Schedule of the changes in the consolidated shareholders' equity accounts.
- ◆ Schedule of the changes in the intangible and tangible fixed assets.

General consolidation criteria

The consolidated financial statements were prepared on the basis of the statutory financial statements prepared by the individual companies included in the consolidation area.

The financial statements of consolidated subsidiaries that have a different year-end from that of the Parent

Company are restated to provide appropriate accounting information for the same twelve month period as the consolidated financial statements.

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 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 financial statements, which are in line with those applied in the previous year, are as follows:

Intangible 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 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 of the assets; these rates, which are shown in the notes to the tangible fixed assets, 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 future years should the reason for the write-down no longer exist.

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 the nominal value at the year-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.

Employee leaving indemnity

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.

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

The foreign currency assets and liabilities at December 31, with the exception of fixed assets, are recorded at the exchange rate at the end of the period.

The exchange rate differences are directly recorded in the income statement. If a net gain arises on the conversion of receivables and payables in foreign currencies at the year end, this is recorded in a specific non-distributable reserve until its realisation.

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.

CONSOLIDATED BALANCE SHEET

COMMENTS ON THE PRINCIPAL ASSET ACCOUNTS

FIXED ASSETS

The total fixed assets amount to Euro 884,932 thousand (previous year Euro 325,165 thousand), consisting of the following categories:

(in thousands of Euro)

	As at 31/12/2004	As at 31/12/2003	Changes
Intangible assets	361,956	113,882	248,074
Tangible assets	500,012	192,074	307,938
Financial assets	22,964	19,209	3,755
	884,932	325,165	559,767

INTANGIBLE FIXED ASSETS

These fixed assets, that amount to Euro 361,956 thousand, include a consolidation difference of Euro 214,185 thousand, calculated on the acquisition of the Danish company Aalborg Portland A/S, made on October 29, 2004 for a total price, net of the debt of the acquired company, equal to approximately Euro 338.8 million; this price includes an estimated portion and still to be paid to the sellers, equal to approximately Euro 23.3 million, relating to the net equity value increase of the company calculated from January 1 to October 29, 2004.

From the year 2005, the Regulation 1606/2002 of the European Union provides for the introduction of IAS/IFRS standards for the consolidated accounts of quoted companies. Therefore, based on these accounting standards, the higher price compared to the corresponding value of the net equity of the companies acquired (“Goodwill”) will no longer be subject to annual amortisation but to a verification on the recovery of the asset value recorded in the balance sheet (“Impairment test”) by means of the cash flows expected. In consideration of the fact that in the consolidated financial statements of the Cementir Group at December 31, 2004 this consolidation difference would only be amortised for two months, it was considered appropriate not to record the amortisation in the income statement for this limited period.

Relating to the consolidation difference calculated on the acquisition of the Danish subsidiary Unicon A/S, reference should be made to the section relating to Shareholders Equity.

Intangible fixed assets also include an amount of Euro 107,236 thousand relating to the residual difference on consolidation emerging on the acquisition of the Cimentas Group in the final months of 2001.

In consideration of the real and potential market position of the Cimentas Group and the initial results obtained from the reorganisation and optimisation implemented after the acquisition, 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 again decided for the year 2004 to amortise this consolidation difference over a period of 20 years.

Obviously, in relation to the matters above, also in this case, from the following year, the higher price paid compared to the corresponding net equity value of the companies acquired will no longer be subject to annual amortisation but to a verification on the recovery of the assets through the expected cash flows.

The other intangible assets reflect the residual amount to amortise of formation and start-up costs (Euro 85 thousand), concessions, licences and trademarks (Euro 1,997 thousand) relating to the Danish companies operating in the cement sector principally for quarry concessions and other intangible assets (Euro 2,086 thousand); this latter include, for Euro 166 thousand, the residual cost for the acquisition and implementation of the information system (SAP R3) at the Parent Company and for Euro 755 thousand leasehold improvements.

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 attached appendix.

TANGIBLE FIXED ASSETS

At December 31, 2004 the gross tangible fixed assets of the Group amounted to Euro 1,370,242 thousand and depreciation amounted to Euro 870,230 thousand, resulting in a net book value of Euro 500,012 thousand. For more complete information, a summary of the tangible fixed assets and accumulated depreciation is shown below.

(in thousands of euro)

Account	Gross values	Accumulated depreciation	Net values
Land and buildings	360,190	191,248	168,942
Plant and machinery	947,774	640,070	307,704
Industrial and commercial equipment	5,585	5,060	525
Other assets	45,632	33,852	11,780
Assets under constr. and payments on acc.	11,061	0	11,061
	1,370,242	870,230	500,012

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 thousands of Euro)

	Law 576/75	Law 72/83	Law 413/91	TOTAL
Land and civil buildings	0	114	84	198
Land and industrial buildings	2,904	11,351	13,185	27,440
Plant and machinery	6,773	30,029	4,028	265,710
Other assets	6	55	0	61
Total	9,683	41,549	17,297	293,409

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

The tangible fixed assets are mortgaged for a total amount of approximately Euro 25 million, pledged by the Parent Company Cementir to guarantee medium and long-term loans, the residual amount of which are approximately Euro 16.5 million.

The increase of Euro 307,938 thousand compared to December 31, 2003 relates to:

(in thousands of Euro)

Tangible fixed assets contribution from Aalborg-Unicon at 31/10/2004	318,077
Investments Aalborg-Unicon (November - December 2004)	7,848
Investments in the year - Cementir and Cimentas Group	16,324
Depreciation for the year	(30,702)
Net value of assets sold to third parties or scrapped	(11,450)
Effect of revaluation of tangible fixed assets of the Cimentas Group (IAS 29 – hyper-inflated economies), and effect of Euro/Turkish Lira exchange rate	7,841
	307,938

As regards the investments of the Group, amounting to Euro 24,172 thousand, it is specified that these related to the cement sector for Euro 19,661 thousand and the ready-mix sector for Euro 4,511 thousand; in addition special consideration and attention has been given to maintenance in order to ensure the correct functioning of the plant.

The divestments in the year (Euro 11.4 million), refer to the sale of premises forming part of the non-productive assets owned at Corso di Francia (Rome), resulting in a capital gain of approximately Euro 10.5 million.

The depreciation is calculated utilising the annual economic/technical rates applicable.

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 thousands of Euro)

	As at 31/12/2004	As at 31/12/2003	Changes
Equity holdings in:			
- associated companies	19,717	2,193	17,524
- other companies	2,555	9,481	(6,926)
TOTAL EQUITY HOLDINGS	22,272	11,674	10,598
Receivables:			
- from others	619	420	199
Other securities	73	-	73
Treasury shares	-	7,115	(7,115)
	22,964	19,209	3,755

The equity investments, valued in conformity with the group accounting principles, amount to Euro 22,326 thousand and relate to:

Company	Registered office	Share Capital	% held	Book value (€000)
<i>Holdings in associated companies:</i>				
Speedybeton S.p.A.	Pomezia (Rome)	€ 300,000	30	2,064
Leigh White Cement Company joint venture	Allentown (USA)	N/A	24.5	11,121
Aalborg Siam White Cement Pte Ltd	Singapore	USD 500,000	50	95
Secil Unicon SGPS Lda	Lisbon	€ 4,987,980	50	3,175
Sola Betong AS	Risavika (Norway)	NOK 9,000,000	33,3	1,548
Storsand Sandtak AS	Saetre (Norway)	NOK 105,000	50	322
EKOL Unicon Spzoo	Gdansk (Poland)	PLN 1,000,000	49	1,392
				19,717
<i>Other companies:</i>				
- Cemencal S.p.A.	Rome	€ 12,660,000	15	2,400
- Calcestruzzi ed Inerti S.r.l.	Civita Cast. (Viterbo)	€ 11,000	50	1
- 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	94,35	55
- Ataer A.S.	Izmir	TRL 5,500,000	0,00048	6
				€000 2,555
			Total	€000 22,272

The changes in the year relate to:

(in thousands of Euro)

Increases:

Aalborg-Unicon acquisition at 31/10/2004	17,033
• Effect of the net equity valuation method:	
Speedybeton S.p.A.	248
Leigh White Cement Company	328
Aalborg Siam White Cement Pte Ltd	5
Sola Betong AS	72
EKOL Unicon Spzoo	56
Secil Unicon SGPS Lda	215
Total increases	17,957

Decreases:

- For sales:

Edigolfo S.p.A.	(377)
Caltagirone Editore S.p.A.	(4,914)
Torreblanca del Sol S.A.	(2,007)
Immobiliaria Y Construcciones torresol S.A.	(7)
Total decreases	(7,305)
Total changes	10,652

In relation to the decreases it is noted that, on November 29, 2004 the parent company sold the holding held in Caltagirone Editore S.p.A. for an amount of Euro 34,922 thousand, based on stock exchange values, to the company Capitolium S.p.A., realising a gain of Euro 30,008 thousand.

On October 21, 2004 the Alfacem sold the investment in Editrice del Golfo – Edigolfo S.p.A., to Vianini Lavori S.p.A. for amount of Euro 6,062 thousand, in accordance with expert valuation reports, realizing a gain of Euro 5,685 thousand.

On November 9, 2004, the company Cementir Delta S.p.A. sold the investment in Immobiliaria y Construcciones Torresol S.A., to the company Costedil s.r.l. for a value of Euro 480, realising a loss of Euro 6 thousand.

On the same date the same subsidiary sold the investment in Torre Blanca Del Sol S.A., to the company S.C.G. S.r.l. for an amount of Euro 8,280 thousand, realising a gain of Euro 6,273 thousand.

The “Treasury shares” were sold on November 29, 2004 to the company Capitolium S.p.A. for an amount of Euro 9,537 thousand, based on stock exchange values, realising a gain of Euro 2,423 thousand.

CURRENT ASSETS

Total current assets increased from Euro 368,236 thousand to Euro 335,378 thousand and include the following assets:

	<i>(in thousands of Euro)</i>		
	As at 31/12/2004	As at 31/12/2003	Changes
- Inventories	73,777	33,265	40,512
- Receivables	201,627	145,436	56,191
- Cash in banks and on hand	59,974	189,535	(129,561)
	335,378	368,236	(32,858)

INVENTORIES

The “inventories”, valued in accordance with the accounting principles of the company, are detailed as follows; the “Aalborg-Unicon” column relates to the contribution of the Danish companies Aalborg Portland and Unicon, relating to the single inventory categories, at December 31, 2004; the “Residual changes” column relates to the inventory changes on the same consolidation area.

(in thousands of Euro)

	As at 31/12/2004	As at 31/12/2003	Aalborg-Unicon	Residual change
Raw materials, supplies and cons. stores	45,064	18,940	23,569	2,555
Semi-finished products	12,610	7,760	5,689	(839)
Finished products and prods. for resale	14,576	6,471	7,800	305
Payments on account	1,527	94	1,431	2
	73,777	33,265	38,940	1,572

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 4.4 million higher (approximately Euro 3.3 million at December 31, 2003).

RECEIVABLES

Receivables, amounting to a total of Euro 201,627 thousand consist of the following accounts:

(in thousands of Euro)

	As at 31/12/2004	As at 31/12/2003	Aalborg-Unicon	Residual change
Trade customers	137,847	80,240	51,890	5,717
Associated companies	2,730	510	2,377	(157)
Tax receivables	6,132	429	3,108	2,595
Deferred tax asset	47,641	63,067	2,710	(18,136)
Others	7,277	1,190	6,533	(446)
	201,627	145,436	66,618	(10,427)

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 8,695 thousand, taking into consideration disputes and the general risk of non-payment.

The movements in the provision for doubtful debts during the course of 2004 were as follows:

(in thousands of Euro)

Balance as at 31.12.2003	3,054
Aalborg-Unicon acquisition at 31/10/2004	4,395
Utilisations in the year	(311)
Provisions in the year	1,557
Balance as at 31.12.2004	8,695

The doubtful debt provision deriving from the acquisition of the Danish companies was principally made on a subsidiary in Poland operating in the ready-mix concrete sector.

The geographic division of trade receivables is as follows:

	%
Italy	51.7
Other Scand. countries	19.2
Denmark	11.2
Turkey	9.6
Other foreign countries	8.3
	<u>100.0</u>

The receivables from “associated companies” refers to short-term trade receivables from the US associated company Leigh White Cement Company of Euro 2,165 thousand, from the associated company Aalborg Siam White Cement in Singapore of Euro 212 thousand and from Speedybeton of Euro 353 thousand.

The “tax receivables”, equal to Euro 6,132 thousand, are detailed below:

	<i>(in thousands of Euro)</i>
Tax payments on account	4,143
VAT receivables	1,009
Receivables for IRAP	833
Other receivables	147
	<u>6,132</u>

The “Deferred tax asset”, equal to Euro 47,641 thousand, is calculated on the timing differences between the assessable taxable income and the result for statutory purposes. The asset principally relates to the Cementir Parent Company and from the other Italian companies (Euro 43,588) and is detailed as follows:

(in thousands of Euro)

	Assessable income	Deferred tax asset for IRES at 33%	Deferred tax asset for IRAP at 4.25%	Total Deferred tax asset
1. Write-downs of equity invest.	71,917	23,733	0	23,733
2. Non-deductible part of doubtful debt provision	3,884	1,282	165	1,447
3. Sales representatives expenses	77	25	3	28
4. Fiscal losses	29,747	9,816	0	9,816
5. Other non-deductible provisions not subject to IRAP	1,553	512	0	512
6. Reversal of revaluations	21,615	7,133	919	8,052
	<u>128,793</u>	<u>42,501</u>	<u>1,087</u>	<u>43,588</u>

The residual deferred tax assets derive from the Danish companies acquired for Euro 2,710 thousand and relate to deferred tax asset on losses carried forward of Euro 2,068 thousand and other deferred tax assets of Euro 642 thousand; the amount of deferred tax assets relating to the companies of the Cimentas Group is Euro 1,343 thousand of which Euro 929 thousand for the non-deductible part of the doubtful debt provision and Euro 414 thousand for fiscal incentives on investments.

The “other receivables”, equal to Euro 7,277 thousand, relate to transactions of a non-commercial nature.

The composition of this account is shown as follows:

	<i>(in thousands of Euro)</i>
Receivables from public and social security entities for environment, energy and customs taxes	3,460
Insurance reimbursements	1,630
Other receivables	2,187
	<u>7,277</u>

CURRENT FINANCIAL ASSETS

The account relates entirely to liquid government bonds held by the subsidiary Cimentas with maturity on May 25, 2005, with interest at an annual average rate of approximately 28%.

CASH AND CASH EQUIVALENTS

The account amounts to Euro 58,268 thousand (Euro 189,535 thousand at December 31, 2003), and consists of the Group’s liquidity and is mainly in short-term investments.

The reduction compared to the liquidity at December 31, 2003 is essentially due to the investments made to acquire the Danish companies.

PREPAYMENTS AND ACCRUED INCOME

The account “prepayments and accrued income”, equal to Euro 2,903 thousand, includes accrued income of Euro 741 thousand, of which Euro 507 thousand relates to the state grant of interest from SIMEST on the mortgage loan provided to Cementir by a bank pool led by Mediocredito Centrale S.p.A..

The prepayments, equal to Euro 2,162 thousand, principally relate to insurance premiums paid in advance (Euro 1,394 thousand).

COMMENTS ON THE PRINCIPAL LIABILITIES & EQUITY ACCOUNTS

GROUP NET EQUITY

The Group net equity consists of:

	<i>(in thousands of Euro)</i>		
	As at 31/12/2004	As at 31/12/2003	Changes
Share capital	159,120	159,120	-
Share premium reserve	15,052	22,711	(7,659)
Legal reserve	7,859	7,859	-
Reserve for treasury shares in portfolio	-	7,115	(7,115)
Extraordinary reserve	-	1,737	(1,737)
Reserve for treasury shares	13,000	5,885	7,115
Consolidation reserve	25,855	-	25,855
Other reserve	314,226	240,417	73,809

Profit for the year	78,783	60,243	18,540
	613,895	505,087	108,808

The “share capital” relates to the Parent Company Cementir and consists of 159,120,000 ordinary shares with a par value of Euro 1 each.

Having approved a dividend of Euro 9,396 thousand (Euro 0.06 per share), 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”, cancelled in the year following the sale of the 2,533,226 ordinary shares held, and the “Reserve for the acquisition of treasury shares”, 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).

The consolidation reserve, that amounts to Euro 25,855 thousand, arises on the acquisition of the Danish company Unicon A/S, made on October 29, 2004 for a total price, net of the debt of the acquired company, equal to approximately Euro 30.6 million; this price includes an estimated portion and still to be paid to the sellers, equal to approximately Euro 4.7 million, relating to the net equity value increase of the company calculated from January 1 to October 29, 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 year in the individual accounts is attached.

MINORITY INTERESTS

At December 31, 2004 they amount to Euro 27,950 thousand and include profits for the year of Euro 290 thousand.

The minority interest shareholders equity principally refers to subsidiaries in Egypt and Sweden held respectively by Aalborg Portland and Unicon.

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 thousands of Euro)

	As at 31/12/2004	As at 31/12/2003	Aalborg-Unicon	Residual change
Taxation	22,856	454	11,306	11,096
Other provisions:				
- various	12,453	492	10,399	1,562
	35,309	946	21,705	12,658

The taxation provision of Euro 22,856 thousand, considered adequate for residual future taxes, includes the provisions for deferred tax liabilities.

The details for the Italian group are calculated as follows:

(in thousands of Euro)

	Assessable income	Deferred tax liability for IRES at 33%	Deferred tax liability for IRAP at 4.25%	Total Deferred tax asset
1. Profits on tangible asset sales	9,125	3,011	388	3,399
2. Residual accelerated depreciation	21,533	7,106	915	8,021
3. Others	47	0	2	2
	30,705	10,117	1,305	11,422

For the subsidiaries Aalborg, Unicon and Cimentas the details are as follows:

(in thousands of Euro)

	Assessable income	Deferred tax liability average rate 30%
1. Intangible and tangible assets	23,487	7,046
2. Provision for contingencies and charges	8,157	2,447
3. Current assets and liabilities	6,470	1,941
Total	38,114	11,434

The "other" account includes the following provisions for contingencies and risks:

(in thousands of Euro)

Employee pension provision	4,475
Excavation restructuring provision	3,770
Fair trade dispute provision	1,796
Supplier dispute provision	1,344
Employee dispute provision	403
Client dispute provision	315
Agents' supplementary provision	157
Cyclical maintenance provision	101
Others	92
	<u><u>12,453</u></u>

The pension provision is principally provided on the Swedish (Euro 3,837 thousand) and Norwegian (Euro 501 thousand) subsidiaries, operating in the ready-mix sectors based on current legislation in force.

Also the excavation restructuring provision is provided principally on the Swedish (Euro 1,773 thousand) and Danish (Euro 1,241 thousand) subsidiaries, operating in the ready-mix concrete sectors, in relation to the restoration and maintenance interventions on the excavation of the raw materials to be made, based on current environment regulations, by the end of the utilisation of the concessions.

The fair trade dispute provision is provided for in the subsidiaries of Cimentas and Cimbeton in Turkey against an investigation in progress by the local Fair Trade Authority, presently in a preliminary phase.

The supplier dispute provision is made by the Egyptian subsidiary operating in the cement sector and relating to a dispute with a supplier for remuneration on technical services provided including financial charges and foreign exchange differences.

The employee dispute provision is however made in relation to a work accident at an ex-subsiary of the Unicon Group in Spain.

The client dispute provision fully relates to the ready-mix concrete sector, principally in the Norwegian subsidiary.

The cyclical maintenance provision is made against maintenance and revision of ships owned by the Cementir Parent Company.

No amounts were recorded for litigations in course, 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 10,412 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:

	<i>(in thousands of Euro)</i>
Balance as at 31.12.2003	9,646
Utilisations in the year	(990)
Provisions in the year	1,756
Balance as at 31.12.2004	10,412

The total Group employees at December 31, 2004 amounted to 3,071 (1,233 at December 31, 2003), consisting of 61 executives, 1,400 managers, white-collar, temporary staff and 1,610 blue-collar workers.

The number of employees at the Parent Company Cementir and the Italian subsidiaries at the end of the year amounts to 561 units, while the number of employees in the Cimentas Group is equal to 755, in the Aalborg Group 990 and the Unicon Group 765.

PAYABLES

The breakdown of payables is as follows:

	<i>(in thousands of Euro)</i>			
	As at	As at	Aalborg-	Residual
	31/12/2004	31/12/2003	Unicon	change
Payables for shareholders loans	5,290	0	5,287	3
Due to banks	314,325	37,797	216,035	60,493
- due within one year	247,676	26,614	165,324	55,738
- due beyond one year	66,649	11,183	50,711	4,755
Other lenders	39,008	39,008	0	0
Advances	208	134	140	(66)
Trade payables	119,793	61,513	48,255	10,025
Associated companies	60	0	60	0
Tax payables	10,856	15,510	7,543	(12,197)

Payables to pension and soc. security institut.	1,870	1,405	222	243
Other payables	40,834	14,997	8,118	17,719
	532,244	170,364	285,660	76,220

The “shareholder loans” refers to loans provided to the Egyptian subsidiary Sinai White Portland Cement from minority shareholders and detailed as follows:

		<i>(in thousands of Euro)</i>
IFU – Industrialization Fund for Developing Countries	Subordinated loan USD 4.9%	3,163
IFU – Industrialization Fund for Developing Countries	Shareholder loan USD 7%	484
ASEC – Swiss Engineering Company	Loan EGP 14.2%	591
Other minority shareholders (including ASEC)	Shareholder loan EGP 13%	1,049
		5,287

At December 31, 2004, the IFU was shareholder of the Egyptian subsidiary with a percentage holding of 11%, the ASEC with a percentage equal to 12.75%, while the other minority shareholders (including ASEC) held a percentage of 35.5%.

Relating to the “bank payables within one year” it is noted that they refer to, for approximately Euro 145 million, to “revolving multicurrency” loans provided equally by the banks Danske Bank and Nordea Bank to the subsidiaries acquired in Denmark, and for Euro 82 million refer to short-term payables of the Parent Company.

In relation to the bank payables over one year they principally relate to the following positions, including the quota due within one year:

		<i>(in thousands of Euro)</i>
Nykredit	Mortgage loan 5.9% - expiry 2011	21,415
National Bank of Egypt	Mortgage loan 13.4% - expiry 2010	18,686
Banca Intesa	Mortgage loan at variable rate - expiry 2024	16,527
Nordea Bank Polka	Mortgage loan 7.3% - expiry 2009	8,222
Danske Bank Polka	Mortgage loan 7.3% - expiry 2009	3,558
Citibank and Malayan Bank	Syndicate mortgage loan 7.2% - expiry 2008	8,106
Malayan Bank	Mortgage loan 5.55% - expiry 2006	618
Handelsbanken	Mortgage loan 3.65% - 4.75% - expiry 2006-2016	208
		77,340

The total amount of loans maturing within five years is Euro 58,797 thousand and the sum of Euro 9.473 thousand with maturity dates of over five years.

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 MCC S.p.A.) and linked to loans granted to companies investing in developing countries. The loan is equal to approximately Euro 39 million with expiry date of 7 years and the interest rate is variable; the quota due within five years amount to Euro 31,206 thousand.

The “trade payables”, equal to Euro 119,793 thousand, are all payable within one year and increased by Euro 10,025 thousand, net of the contribution deriving from the acquisition of the companies Aalborg and Unicon.

The geographic division of trade payables is as follows:

	%
Italy	53.2
Denmark	25.1
Other Scand. countries	10.2
Turkey	6.5
Other foreign countries	5.0
	<u>100.0</u>

The account “due to the tax authorities”, equal to Euro 10,856 thousand, net of payments made on account, relates to the income taxes for the year of the Group companies, employee and other withholding taxes and VAT.

The breakdown is as follows:

	<i>(in thousands of Euro)</i>
• Withholding taxes on remuneration of employees	5,412
• VAT payables	2,261
• Provision for income taxes, net of advances	1,321
• Amnesty tax as per Law 27/2003	475
• Other withholding tax	268
• Other payables	1,119
	<u>10,856</u>

The “payables to pension and social security institutions”, amounting to Euro 1,870 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 40,834 thousand consist of items not of a strictly commercial nature. The breakdown is as follows:

	<i>(in thousands of Euro)</i>
Due to FL Smidth A/S	28,024
Employee payables, provisions for holidays not taken, and relative contributions	7,018
Payables for disputes	1,607
Emoluments for corporate boards	828
Deposits	284
Payables to agents	199
Other payables	2,874
	<u>40,834</u>

The payable to FL Smidth relates to the residual price still to be paid to the selling shareholders relating to the

acquisition of the Danish companies Aalborg and Unicon, completed on October 29, 2004; this difference was estimated based on the net equity increase of the two companies calculated from January 1 to October 29, 2004, in accordance with the purchase contract between the parties.

ACCRUALS AND DEFERRED INCOME

The account “accruals and deferred income”, equal to Euro 3,403 thousand, principally consists of deferred income of Euro 1,797 thousand; the latter relates to the quota of grants due to the Parent Company Cementir at December 31, 2004 (Euro 1,771 thousand) against assets not yet depreciated.

The accrued liabilities (Euro 1,606 thousand) relates to financial charges for the year of Euro 561 thousand.

MEMORANDUM ACCOUNT

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

In particular, “sureties and mortgages in favour of third parties” (approximately Euro 38,150 thousand) relate to the residual amount to guarantee the loans granted on industrial property.

INCOME STATEMENT

VALUE OF PRODUCTION

The value of production for the year 2004, amounting to Euro 399,278 thousand (Euro 294,416 thousand in 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:

	<i>(in thousands of Euro)</i>			
	2004	2003	Aalborg- Unicon (2 months)	Residual value
Revenues from sales and services	391,255	292,031	69,851	29,373
Changes in inventories of semi-finished and finished products	3,854	572	4,886	(1,604)
Increase in fixed assets constructed internally	900	510	167	223
Other revenues	3,269	1,303	2,241	(275)
	399,278	294,416	77,145	27,717

The account “revenues from sales and services” equal to Euro 391,255 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-mix concrete sector of Euro 77.2 million and revenues of Euro 11.6 million of a Turkish subsidiary 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	52.6
Turkey	23.4
Denmark	7.3
Other Scand. countries	5.7
Other countries	11.0
	<u>100.0</u>

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

PRODUCTION COSTS

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

Production costs consist of the following items:

	<i>(in thousands of Euro)</i>			
	2004	2003	Aalborg- Unicon (2 months)	Residual value
Raw material, supplies and consumables	157,389	121,231	23,207	12,951
Service costs	82,350	52,598	20,379	9,373
Rents, leases and similar costs	1,687	339	868	480
Personnel costs	47,958	31,766	13,478	2,714
Amortisation, depreciation and write-down	39,030	28,711	6,902	3,417
Changes in inventories of raw, ancillary and consumable materials and goods	2,013	129	3,983	(2,099)
Provision for liabilities	299	171	146	(18)
Other provisions	355	0	355	0
Other operating costs	5,314	7,337	1,493	(3,516)
	<u>336,395</u>	<u>242,282</u>	<u>70,811</u>	<u>23,302</u>

The accounts "raw, ancillary and consumable materials and goods", "services", and "use of third party assets" amount to a total of Euro 241,426 thousand, and include costs relating to the normal productive and commercial activity of the consolidated companies, as well as technical, commercial and administrative consultancy and transport costs for delivery of products sold.

The total remuneration of the Directors and Statutory Auditors amounted to Euro 1,823 thousand, of which Euro 1,730 thousand to Directors and Euro 93 thousand to the Board of Statutory Auditors.

"Personnel costs" of Euro 47,958 thousand represent the amounts incurred by the Group for salaries (Euro 35,601 thousand), for pension and social security payments of the consolidated companies (Euro 7,965 thousand), provisions for employee leaving indemnities (Euro 1,756 thousand) and for other costs including additional indemnities,

professional payments, contributions for cultural and recreational activities and the insurance costs directly affecting employees (Euro 2,636 thousand).

The average payroll for the year 2004 was 1,568 employees, of which 40 executives, 783 managers, white-collar and temporary staff and 745 blue-collar workers.

The account “depreciation, amortisation and write-downs” of Euro 39,030 thousand (Euro 28,711 thousand in 2003), breaks down as follows:

	<i>(in thousands of euro)</i>			
	2004	2003	Aalborg- Unicon (2 months)	Residual value
Intangible assets	6,985	6,785	435	(235)
Tangible assets	30,702	21,553	5,668	3,481
Provisions for doubtful debts	1,343	373	799	171
	39,030	28,711	6,902	3,417

Amortisation of “intangible fixed assets” (Euro 6,985 thousand) includes Euro 6,372 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 difference is calculated over 20 years.

The depreciation of “tangible fixed assets”, equal to Euro 30,702 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 increase in the balance, net of the effect deriving from the acquisition of Aalborg – Unicon, is due to the higher depreciation in Cimentas; in particular, higher depreciation was recorded compared to 2003 of approximately Euro 2.7 million, relating to a different valuation in the financial statements of some buildings as a consequence of the adoption of the “fair value” criteria, in accordance with IAS international accounting standards.

The “provision for doubtful debts” (Euro 1,343 thousand), corresponds to charges considered necessary to cover expected losses on receivables from customers.

The account “provisions for risks”, equal to Euro 299 thousand, relates for Euro 139 thousand to charges for the on-going maintenance programme of the ship owned by the Parent Company Cementir, for Euro 139 thousand to client disputes of the Norwegian subsidiary operating in the ready-mix concrete sector and for Euro 21 thousand to other provisions.

The “other provisions”, equal to Euro 355 thousand, relate entirely to provisions for the restoration and maintenance for the excavation of raw materials of the Swedish subsidiaries operating in the ready-mix concrete sector.

The account “other operating costs”, amounting to Euro 5,314 thousand, include, inter alia, concession fees and indirect taxes and dues, entertaining expenses and remuneration of Directors and Statutory Auditors, expenses for professional association contributions and third party consultants.

The communal tax on property (ICI) of Euro 751 thousand is included in indirect taxes and dues, as well as other taxes of Euro 511 thousand on the land and buildings of Turkish and Danish companies and other indirect taxes of Euro 1,958 thousand.

FINANCIAL INCOME AND CHARGES

Net income amounts to Euro 47,490 thousand as follows:

	<i>(in thousands of Euro)</i>			
	2004	2003	Aalborg-Unicon	Residual value
			<i>(2 months)</i>	
Income from investments	45,527	2,169	58	43,300
Other financial income	6,320	6,142	237	(59)
Financial interest and charges	(8,107)	(5,083)	(2,377)	(647)
Exchange gains and losses	3,074	346	(520)	3,248
	46,814	3,574	(2,602)	45,842

Income from equity investments refers to the following gains and dividends:

	<i>(in thousands of Euro)</i>	
Company	% held	Amount
Caltagirone Editore S.p.A.	4.3	30,008
Torreblanca del Sol S.A.	15	6,273
Editrice del Golfo –Edigolfo S.p.A.	25	5,685
Treasury shares in portfolio Cementir S.p.A	1.6	2,423
Caltagirone Editore S.p.A. - dividend		1,080
Other gains		58
		<u><u>45,527</u></u>

The account “other financial income” relates principally to bank interest received of Euro 4,590 thousand and a subsidised state grant on interest, paid by the company SIMEST on a mortgage loan granted to the Parent Company Cementir by a banking pool led by Mediocredito Centrale S.p.A. (Euro 1,152 thousand)

The account “Other financial interest and charges” principally relates to interest on medium/long-term loans of the Group and interest on bank overdraft accounts (Euro 4,437 thousand). The balance records the net financial 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 2.1 million).

The new account “Exchange gains and losses”, that reports a net positive value of Euro 3,074 thousand, includes gains of Euro 6,603 thousand and losses of Euro 3,529 thousand for adjustments to foreign currency differences; the adjustment was made based on the year-end exchange rate and recorded in this account in accordance with the O.I.C. No. 1 document.

In relation to the division of the exchange gains between the “realised” and the “non-realised” part, the first amounted to Euro 5,768 thousand, while the second amounted to Euro 835 thousand; the losses realised amounted to Euro 3,384 thousand while the unrealised losses at the year end amounted to Euro 145 thousand.

ADJUSTMENTS TO FINANCIAL ASSETS

The overall balance on the account is a negative amount of Euro 1,039 thousand.

The revaluation of the equity investments in associated companies valued under the net equity method (Euro 1,041 thousand), relates to Speedybeton S.p.A., for Euro 365 thousand, to associated companies in the Aalborg Group, for Euro 333 thousand, and to companies in the Unicon Group, for Euro 343 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 1,118 thousand resulting from the difference between income (Euro 11,519 thousand) and charges (Euro 12,637 thousand).

The account “extraordinary income” principally includes a gain of Euro 10,484 thousand realised on the sale of the building located at Corso di Francia 200 in Rome, head office of the Parent Company, to Compact Puglia S.r.l., for an amount of Euro 20 million, before the relative residual long-term loan of Euro 11.6 million.

The account “extraordinary charges” includes the provision for deferred income taxes of Euro 7,584 thousand calculated on the reversal of the accelerated depreciation in the Parent Company Cementir, in accordance with the O.I.C. 1 document, relating to fiscal adjustments.

INCOME TAXES

The overall amount of income taxes was a negative amount of Euro 30,545 thousand.

In particular, the current income taxes include income taxes for the year (Euro 7,389 thousand) relating to Group companies.

The account “deferred tax income” includes, in large part, the reversal relating to the deferred tax assets provided on the fiscal deductibility of depreciation calculated on the revalued amounts as per Law 342/2000, for Euro 17,128 thousand.

*The Chairman
of the Board of Directors*

SCHEDULE OF CHANGES IN THE
CONSOLIDATED SHAREHOLDERS'
EQUITY AND OTHER SCHEDULES
FOR THE YEARS ENDED DECEMBER
31, 2004 AND 2003

CEMENTIR GROUP

CHANGES IN THE CONSOLIDATED NET EQUITY ACCOUNTS

DECEMBER 31, 2004

in thousands of Euro

Description	Share Capital	Share premium reserve	Legal reserve	Extraordinary reserve	Reserve for treasury shares in portfolio	Reserve for the acquisition of treasury shares	Consolidation reserve	Other reserves	Profit for the year	Total Net Equity
Balances as at December 31, 2003	159,120	22,711	7,859	1,737	7,115	5,885		240,417	60,243	505,087
Allocation profit 2003: to other reserves								60,243	(60,243)	0
Distribution of dividend on 2003 profits		(7,659)		(1,737)						(9,396)
Sale of treasury shares					(7,115)	7,115				0
Consolidation reserve for acquisition of Unicon							25,855			25,855
Effect of reclassification of Cimentas Net Equity (IAS 29), and net effect of Euro/ Turkish Lira exchange rate								13,566		13,566
Net profit for the year									78,783	78,783
Balances as at December 31, 2004	159,120	15,052	7,859	0	0	13,000	25,855	314,226	78,783	613,895

CEMENTIR GROUP

CHANGES IN THE CONSOLIDATED NET EQUITY ACCOUNTS
DECEMBER 31, 2003
(in thousands of Euro)

Description	Share Capital	Share premium reserve	Revaluation reserve ex law 413/91	Legal reserve	Extraordinary reserve	Reserve for treasury shares in portfolio	Reserve for the acquisition of treasury shares	Other reserves	Retained earnings carried forward	Profit for the year	Total Net Equity
Balances as 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 profit 2002: 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
Reclassification of reserve for treasury shares						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
Net profit for the year										60,243	60,243
Balances as 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

CHANGES IN THE CONSOLIDATED NET EQUITY ACCOUNTS
DECEMBER 31, 2003
in thousands of Euro

Description	Share Capital	Share premium reserve	Revaluation reserve ex law 413/91	Legal reserve	Reserve for treasury shares in portfolio	Reserve for the acquisition of treasury shares	Other reserves	Retained earnings carried forward	Profit for the year	Total Net Equity
Balances at December 31, 2001	159,120	22,799	2,429	7,672	6,987	5,925	154,410	9,578	43,708	412,628
Allocation profit 2001:										
- to legal reserve				187					(187)	0
- distribution								(5,857)	(3,542)	(9,399)
- to other reserves							39,979		(39,979)	0
Reclassification of reserve for treasury shares		(88)				88				0
Reserve for currency translation of financial statements							(11,080)			(11,080)
Effect of reclassification of Cimentas net equity							3,005			3,005
Net profit for the year									45,308	45,308
Balances as at December 31, 2002	159,120	22,711	2,429	7,859	6,987	6,013	186,314	3,721	45,308	440,462

CEMENTIR GROUP

RECONCILIATION BETWEEN THE STATUTORY FINANCIAL STATEMENTS OF CEMENTIR S.p.A AND THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CEMENTIR GROUP

(in thousands of Euro)

	Result for the year	Shareholders' equity
<i>As per the parent company's financial statements</i>	204,297	510,418
Reversal of the revaluation effect	-	(231,700)
Elimination of additional amortisation and depreciation deriving from the revaluation	45,980	203,628
Deferred taxes receivable in future financial years on the additional amortisation and depreciation	(17,128)	8,051
Reversal of fiscal adjustments on write-down of equity investments (OIC No. 1)	(149,871)	-
Reversal of fiscal adjustments on depreciation (OIC No. 1)	(20,358)	-
Amortisation of the Cimentas consolidation difference	(6,372)	(20,214)
Higher gains on sales and conferment	(716)	(1,170)
Dividends Distributed	(6,589)	-
Valuation of associated companies under the net equity method	248	(1,157)
Effect of the consolidation of subsidiaries	29,292	146,039
<i>As per the consolidated financial statements</i>	78,783	613,895

CEMENTIR GROUP

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2004

in thousands of Euro

	2004	2003
A. NET INITIAL CASH (SHORT TERM)	112,730	76,783
B. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	78,783	60,243
Amortisation and depreciation	37,687	28,338
Net change in the provisions for liabilities and charges	12,658	(5,035)
Net changes in the provisions for staff severance indemnities	766	56
Net (capital gains) losses from the sale of financial and tangible fixed assets	(54,918)	(1,722)
Effect of the valuation of shareholdings using the net equity method	1,039	96
(Increase) reduction in inventories	(2,327)	(1,821)
(Increase) reduction in trade receivables	6,502	(6,087)
(Increase) reduction in other receivables	17,166	(34,007)
Increase (reduction) in trade payables	11,105	(1,452)
Increase (reduction) in other payables	(27,445)	10,538
Other changes in working capital	(758)	(1,311)
	80,258	47,836
C. CASH FLOW DERIVED FROM INVESTMENT ACTIVITIES		
Investments in fixed assets		
- goodwill for acquisition of Aalborg Portland	(214,185)	0
- badwill for acquisition of Unicon	25,855	0
- intangible assets	(1,166)	(69)
- tangible assets	(24,172)	(15,367)
- treasury shares	0	(128)
Sales value of tangible fixed assets	21,996	3,164
Sales value of financial fixed assets	58,634	6,905
	(133,038)	(5,495)
D. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in shareholders' equity pertaining to minority interests	22,183	711
Application of IAS 29 net of effect of Euro/Turkish Lira exchange rate	13,566	13,777
Effect of exchange rate and other minor changes	(6,915)	(11,487)
	28,834	3,001
E. DIVIDENDS DIDTRIBUTED	(9,396)	(9,395)
F. EFFECT OF THE CHANGE IN THE SCOPE OF THE CONSOLIDATION AREA		
Increase in intangible fixed assets	(40,634)	0
Increase in tangible fixed assets	(318,077)	0
Increase in financial fixed assets	(17,033)	0
Increase in inventory	(38,185)	0
Increase in receivables	(103,754)	0
Increase of payables and provisions	139,646	0
	(378,037)	0
G. CASH FLOW FOR THE PERIOD (B+C+D+E+F)	(411,379)	35,947
H. NET FINAL CASH FLOW (SHORT-TERM)	(298,649)	112,730

CEMENTIR GROUP

CONSOLIDATED INTANGIBLE FIXED ASSETS

in thousands of Euro

Description	Residual value as at 31/12/2003	Net increases for the acquisition of Aalborg-Unicon	Increases from investments	Decreases from amortisation	Changes for restatement of values (inflation/write-downs)	Residual value as at 31/12/2004
Formation and start up costs	28	67	23	(31)	(2)	85
Concessions, licences and brands	-	2,154	38	(116)	(79)	1,997
Goodwill	52	-	-	(28)	-	24
Other intangible assets	194	1,133	197	(136)	(232)	1,156
Assets under development and payments on account	-	25	908	-	(4)	929
Difference on consolidation	113,608	37,255	214,185	(6,674)	(609)	357,765
Total per financial statements	113,882	40,634	215,351	(6,985)	(926)	361,956

CEMENTIR GROUP

CONSOLIDATED TANGIBLE FIXED ASSETS AND RELATIVE PROVISIONS FOR DEPRECIATION in thousands of Euro

Description	Historical cost						Provisions for depreciation						
	As at 31.12.03	Increases for the acquisition of Aalborg-Unicon	Investments	Sales	Reclass. & changes for restatement of values (inflation/write-downs)	As at 31.12.04	As at 31.12.03	Increases for the acquisition of Aalborg-Unicon	Depreciation in year	Sales	Reclass. & changes for restatement of values (inflation/write-downs)	As at 31.12.04	Residual value as at 31/12/2004
Land and buildings	198,726	169,193	1,740	(19,559)	10,090	360,190	108,015	79,904	8,871	(10,482)	4,940	191,248	168,942
Plant and machinery	451,964	462,240	9,765	(3,367)	27,172	947,774	359,164	247,373	19,443	(726)	14,816	640,070	307,704
Industrial and commercial equipment	6,600	-	79	(328)	(766)	5,585	6,081	-	360	(445)	(936)	5,060	525
Other fixed assets	25,193	16,170	1,738	(1,082)	3,613	45,632	20,940	9,166	2,028	(1,233)	2,951	33,852	11,780
Assets under construction and payments on account	3,791	6,917	10,850	-	(10,497)	11,061	-	-	-	-	-	0	11,061
Total as per financial statements	686,274	654,520	24,172	(24,336)	29,612	1,370,242	494,200	336,443	30,702	(12,886)	21,771	870,230	500,012

CEMENTIR GROUP

PRINCIPAL DATA OF THE OTHER CONSOLIDATED COMPANIES

(in thousands of Euro)

COMPANY	% HOLDING	SHARE CAPITAL	SHAREHOLDERS' EQUITY	VALUE OF PRODUCTION (*)	NET PROFIT (LOSS)	FIXED ASSETS	TOTAL ASSETS	TOTAL NET EQUITY AND LIABILITIES
Cementir Delta S.p.A.	99.90	38,218	118,539	5,828	4,244	340,003	372,966	254,427
Intercecm S.A.	100.00	100	11,643	11,600	11,543	85,234	85,240	73,597
Alfacem S.r.l.	100.00	10	5,440	5,258	5,219	5,329	5,467	27
Cementir Espana S.L.	100.00	340,003	340,002	0	(1)	340,000	340,026	24
Globo Cem S.L.	100.00	3	2	0	(1)	0	3	1
Cem 2004 S.r.l.	100.00	10	10	0	0	0	10	0

() For the holding companies the value of production is indicative of the income deriving from normal activities*

CEMENTIR GROUP

PRINCIPAL DATA OF THE ASSOCIATED COMPANIES

(in thousands of Euro)

COMPANY	% HOLDING	SHARE CAPITAL	SHAREHOLDERS' EQUITY	VALUE OF PRODUCTION	NET PROFIT (LOSS)	FIXED ASSETS	TOTAL ASSETS	TOTAL NET EQUITY AND LIABILITIES
Speedybeton	30.00	300	5,662	23,559	1,215	3,705	15,311	9,649
Leigh White Cement Company joint venture	24.50	n/a	38,323	89,938	10,213	13,250	46,775	8,452
Aalborg Siam White Cement Pte Ltd	50.00	393	190	916	7	56	426	236
Secil Unicon SGPS Lda	50.00	4,988	10,620	14,238	(136)	3,270	15,201	4,581
Sola Betong AS	33.30	1,093	3,000	7,876	1,580	134	4,131	1,131
Storsand Sandtak AS	50.00	13	330	566	(12)	86	417	87
EKOL Unicon Spzoo	49.00	245	2,831	7,041	286	543	4,241	1,410

REPORT OF THE BOARD OF
STATUTORY AUDITORS TO THE
ORDINARY SHAREHOLDERS'
MEETING CALLED FOR APRIL 14, 2005
IN FIRST CONVOCATION

Dear shareholders,

during the year ended December 31, 2004 we have performed – as your company is quoted on the “S.T.A.R.” segment of Borsa Italiana S.p.A. – the control activities as required by Legislative Decree 58 of February 24, 1998.

In relation to this we have attended the meetings of the Board of Directors, receiving from the directors adequate information relating to the activities performed and on the most significant economic and financial operations made by Cementir and its subsidiary companies, ensuring that the deliberations made and carried out were in conformity with the law and the company by-laws and that there did not exist potential conflicts of interest or contrary to the deliberations made by the Shareholders’ Meeting.

Our activity in acquiring knowledge on the business of the company involved meetings with the managing directors of the company and with the Chairman.

This permitted us to be informed in a timely manner on the closure of the factory at Maddaloni due to a judicial enquiry, that was then reopened following the technical verifications, and to the acquisition of the Companies Aalborg Portland and Unicom.

This acquisition, as outlined in the Director’s Report on operations, was completed on October 29, 2004 and provides the Group a more consolidated international position for market volumes and quality of the products.

In addition to the activities carried out, the Chairman of the Board participated, in accordance with the mandate received, at all of the “Control Committee” meetings, reporting to the board of statutory auditors on the matters and the decisions of the meetings and, in particular, of the procedures defined or redefined by the Internal Audit and discussed in the Committee.

We verified the non existence of atypical or unusual operations, including intercompany or those involving related parties, as per Consob Communication 2064231 of September 30, 2002.

In relation to this, we confirm that the normal business transactions are of an ordinary and recurring nature, with the companies subject to control by the majority shareholder Caltagirone S.p.A., relating in particular to Vianini Lavori S.p.A. and Vianini Industria S.p.A..

Transactions of a similar nature were made with the associated companies Leigh White Cement Company, Aalborg Siam White Cement and Speedybeton.

Cementir spa, in relation to the financial choices connected to the important acquisition mentioned above, sold to the subsidiary Compact Puglia S.r.l. the building at Corso Francia and sold to the related company Capitolium S.p.A. the investment in Caltagirone Editore S.p.A. and 2,533,226 treasury shares. Finally, the company sold to the related company SO.G.IM. S.r.l. the investment in Compact Puglia S.r.l.

The above mentioned operations with related parties are described in the Director’s Report on operations and completed with reference to sales of subsidiaries to other companies of the Group, providing indications on the economic effects of these operations.

Continuous collaboration was maintained with the independent audit firm *PriceWaterHouseCoopers*, with whom during 2004, as per article 150, point 2, of Legislative Decree 58/98 we met on a periodic basis for reciprocal exchange of information and opinions on the results of respective controls and verifications performed.

In relation to the verifications on the financial statements of 2004, we had a meeting on March 21, 2005, in the presence of the CFO of Cementir, Mr. Arrivabene, and the person responsible for Internal Audit, Mr. Massardo. Mr. Festa, partner of the audit firm and his colleague Mr. Galgano, excluded any critical elements and confirmed the good performance of the company and of the Cementir Group, justifying, with the future passage to the IFRS accounting standards, the choice not to partially amortise the goodwill recognised to the Danish companies.

In that meeting, we enquired of the senior management of Cementir on the measures taken in relation to pollution and, more in general, on social-environmental issues. It was of comfort to be informed that, in addition to the close attention to procedures already in force, the acquisition of the Danish companies enriched the Group with a company (CEMMILJO) dedicated to the study and research of these aspects and, in particular, on evolved fuel. The Directors of the company have commented upon this in the section studies and research in the Director's Report on operations.

It was, however, necessary to note that an organisational solution in accordance with Legislative Decree 231/2001 is still under review.

During the course of our control activities, we verified that no claims were made as per article 2408 of the civil code, nor petitions made of any kind or omissions or irregularities. Similarly, no significant matters arose that require reporting to the corporate boards or to be reported upon in this report.

During the year the Board of Directors held 7 meetings, the Control Committee held 4 meetings, the Remuneration Committee held 2 meetings and the Board of Statutory Auditors held 4 meetings while the Executive Committee did not hold any meetings.

We verified in accordance with article 149 of Legislative Decree 58/98, in relation to our responsibility, the adequacy of the organisational structure of the Company and compliance with the principles of correct administration.

Your company has for some time operated a programme to qualify the operating sites for the environment certificate ISO 14001, which has already been received by the factory at Taranto.

We also evaluated and verified the functioning of the administration-accounting system, as well as the reliability of this latter to represent correctly the operational results through: the obtaining of information from the Administration Director of your company; the examination of company documents, as previously mentioned, and the analysis of the work performed by the audit company.

We confirm that your company adopted the "Self Regulation" Code prepared by the Corporate Governance Committee for quoted companies, as issued by Borsa Italiana S.p.A..

We have verified, in relation to our responsibility, the observation of the provisions of law in relation to the preparation of financial statements of the company and consolidated financial statements, noting the results.

In relation to the above matters it is our opinion that the financial statements for the year ended December 31, 2004 of your company should be approved, as should the proposal of the directors for the allocation of the result for the year equal to Euro 204,297,075.00.

Rome, March 23, 2005

THE BOARD OF STATUTORY AUDITORS

CLAUDIO BIANCHI
CHAIRMAN

CARLO SCHIAVONE
Standing Auditor

GIAMPIERO TASCO
Standing Auditor

PARENT COMPANY
FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER
31, 2004

BOARD OF DIRECTORS REPORT TO THE ORDINARY SHAREHOLDERS' MEETING

Economic Performance

The reclassified income statement of Cementir for the year 2004 together with the comparison of the year 2003 is shown below:

INCOME STATEMENT	Thousands of Euro			
	2004	%	2003	%
NET TURNOVER	205,240	100.00	201,519	100.0
PURCHASES FOR THE YEAR	78,091	38.05	72,828	36.1
EXTERNAL COSTS	40,470	19.72	34,917	17.4
CAPITALISED COSTS	517	0.25	419	0.2
VALUE ADDED	87,197	42.49	94,193	46.7
LABOUR COSTS	22,278	10.85	21,823	10.8
OTHER REVENUES	779	0.38	0	0
OTHER COSTS	585	0.29	0	0
EBITDA	65,112	31.72	72,370	35.9

The year 2004 ended with net sales of Euro 205.2 million (Euro 201.5 million in 2003), an increase of Euro 3.7 million equal to approximately 1.8%.

The Value Added was equal to Euro 87.2 million, compared to Euro 94.2 million in 2003, a decrease compared to the previous year due to higher raw material costs, following the tensions registered relating to international prices.

The same decrease was reflected in the Ebitda, equal to Euro 65.1 million, compared to Euro 72.4 million in the previous year.

Balance sheet

The Net Equity at December 31, 2004 amounted to Euro 510.4 million compared to Euro 315.5 million at December 31, 2003. The increase of Euro 194.9 million is a consequence of the profits realised, net of dividends distributed.

The investments in tangible fixed assets by Cementir in the year amounted to approximately Euro 11 million and related to the rationalisation, modernisation and maintenance of the factories and the updating of the ecological plant.

The employees of Cementir at December 31, 2004 amounted to 551, consisting of 12 executives, 218 managers, white collar, temporary staff and 321 blue collar workers (544 employees at December 31, 2003).

Performances of the principal companies of the Group

Cimentas Group (Turkey)

The Cimentas Group ended the year with net sales of Euro 114.3 million (+26.2% compared to 2003) and an Ebitda of Euro 27 million (+77.8 % compared to 2003).

These results are due to the continual improvement in the market in which the Group operates and the success of the reorganisation and rationalisation activities implemented with the acquisition of Cimentas in 2001.

Aalborg Portland Group (Denmark)

The Aalborg Portland Group, purchased at the same time as the Unicon Group in the last part of the year, for the full year of 2004 recorded sales of Euro 230.8 million (+14% compared to 2003) and an Ebitda of Euro 70.5 million (+2.3% compared to 2003).

The cement production capacity is equal to approximately 3.5 million tonnes annually and the number of employees was 990.

Unicon Group (Denmark)

The Unicon Group, also acquired in the last part of 2004, for the full year recorded sales of Euro 206.7 million (+15.4% compared to 2003) and an Ebitda of Euro 26.8 million (-1.8 % compared to 2003).

The sales of ready-mix concrete amounted to 2.2 million cubic metres and the number of employees was 765.

Other minor companies

Cementir Delta S.p.A., in the performance of its activities in the optimisation of human resources, closed the year 2004 with a net profit of Euro 4.2 million.

Calcestruzzi Picciolini S.p.A. closed the year ended October 31, 2004 with a net profit of Euro 781 thousand. At December 31, 2004 the number of employees was 10.

The subsidiary Intercem S.A. for the year ended November 30, 2004 recorded a net profit of Euro 11.5 million.

The associated company Speedybeton S.p.A. (Cementir S.p.A. 30%), continued its activity in the Lazio area and recorded a net profit of Euro 1.2 million for the year ended December 31, 2004.

Significant events in the year

On October 29, 2004, the Cementir Group completed the acquisition of the Danish companies Aalborg Portland and Unicon, for a total value of Euro 572 million.

The principal characteristics of Aalborg Portland A/S and Unicon A/S are:

Aalborg Portland A/S

- world leader in the production of white cement;
- world leader in the production of grey cement in Denmark;
- access to important sources of procurement of raw materials;
- high technical quality of production plants;
- production in Denmark, Egypt, Malaysia, United States of America and China;

Unicon A/S

- largest ready-mix concrete producer in Northern Europe;
- leader in Denmark and Norway;
- factories in Denmark, Sweden, Norway and Poland.

This acquisition enables Cementir to 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 synergies and provide the following benefits:

- world leadership in the production of white cement, a strongly expanding market;
- geographic diversification in Europe, North Africa, Middle East, Asia, United States of America and China;
- increase in sales by 136% and Ebitda by 106% (data 2004).

The new Group created from the integration between Cementir, Aalborg Portland and Unicon has the following characteristics (pro-forma data 2004):

- Sales: Euro 767 million
- Ebitda: Euro 188 million
- Ebit: Euro 111 million
- Cement production capacity: Euro 11.1 million tonnes annually
- Sales of ready-mix cement: Euro 3 million cubic metres annually
- Employees: approx. 3,000

In conclusion, with the acquisition of Aalborg 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.

Among the other matters that occurred in the year were the disposals made by the Group of non-strategic equity investments, on which important gains were realised; these transactions permitted the Group to concentrate its activities and resources on the core business.

transactions with subsidiary, associate, holding and group companies

Concerning the “related party” transactions as defined by CONSOB recommendation No. 98015375 of February 27, 1998, it is noted that there were no atypical and/or unusual transactions.

During the year Cementir S.p.A. received total dividends of Euro 2,519 thousand from holdings in Cimentas, Caltagirone Editore S.p.A. and Speedybeton S.p.A, respectively of Euro 1,322 thousand, Euro 1,080 thousand and Euro 117 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 the Company. In particular Vianini Lavori S.p.A. and Vianini Industria S.p.A. have respectively purchased 1,337 and 8,280 tonnes of cement in 2004 at market prices (approx. 5,180 tonnes in 2003).

There also exist commercial, technical and financial assistance with some subsidiaries, as further illustrated in the notes to the financial statements.

In particular, the table below shows the balances at December 31, 2004 with subsidiary and associated companies; the balances relating to subsidiary companies were eliminated from the consolidated balance sheet and income statement:

	(in Euro thousands)		
	Financial receivables	Trade receivables	Total
Subsidiary companies:			
Intercem S.A.	72,699	-	72,699
Cimentas A.S.	-	776	776
Calcestruzzi Picciolini S.p.A.	3,864	547	4,411
Cementir Delta S.p.A.	222,884	-	222,884
Sub-total	299,447	1,323	300,770
Associated companies:			
Speedybeton S.p.A.	-	353	353
Total	299,447	1,676	301,123

	(in Euro thousands)		
	Financial payables	Trade payables	Total
Subsidiary companies:			
Cimentas A.S.	-	945	945
Alfacem S.r.l.	5,120	22	5,142
Total	5,120	967	6,087

The transactions in the year are detailed below:

	(in Euro thousands)
Revenues from sales and services:	
Calcestruzzi Picciolini S.p.A.	967
Cimentas A.S.	1,490
Speedybeton S.p.A.	692
	3,149
Purchase of raw material, semi-finished and finished products:	
Cimentas A.S.	5,418
	5,418
Interest charge:	
Alfacem S.r.l.	22
	22

In relation to the revenues invoiced to the subsidiary Calcestruzzi Piccolini S.p.A. and to the associated company Speedybeton S.p.A., they relate to the sale of cement at normal market conditions. The revenues from the subsidiary Cimentas A.S. relate to the provision of coordination, consultancy and recharge of personnel costs.

The purchases from the subsidiary Cimentas A.S. relate to the supply of cement at normal market conditions.

In 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 254 thousand.

In October, the company sold to the subsidiary Compact Puglia S.r.l. the building at Corso Francia at a price of Euro 20,000 thousand, corresponding to the value indicated in the independent expert valuation report.

In November, Cementir sold to the related company Capitolium S.p.A. the investment of 4.30% held in Caltagirone Editore S.p.A., for an amount of Euro 34,922 thousand, and 2,533,226 Treasury Shares, for an amount of Euro 9,538 thousand. Both transactions were made at current stock market values.

In December 2004, Cementir sold to the related company SO.GIM. S.r.l. the investment held in Compact Puglia S.r.l. for an amount of Euro 16 thousand, equal to book value.

All of the transactions were made in the interests of the Company.

Research and development activity

The 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.

Secondary place of business

In accordance with article 2428 of the Civil Code, the secondary offices of the company are listed below:

- Factory at Maddaloni
- Factory at Naples
- Factory at Spoleto
- Factory at Taranto
- Factory at Arquata Scrivia
- Distribution Centre at Reggio Calabria
- Distribution Centre at Civitavecchia
- Distribution Centre at Crotona
- Sales office at Maddaloni
- Sales office at Rome
- Sales office at Spoleto
- Sales office at Taranto
- Sales office at Arquata Scrivia
- Sales office at Reggio Calabria

Treasury shares and/or shares or quotas of holding companies

At December 31, 2004, the Parent Company does not hold any treasury shares.

As at December 31, 2004, the Parent Company and its subsidiaries did not possess, either directly or indirectly, shares or quotas in holding companies, nor have they purchased or sold shares or quotas of holding companies in the year.

Subsequent events and business outlook

In the first months of 2005, the activities of the Group are continuing as expected and there are no significant matters to report.

The acquisition of the Danish companies Aalborg Portland and Unicon represented the high point in the internationalisation process that commenced in 2001 with the acquisition of Cimentas.

The current size of the Group, that results in a wide geographic presence and therefore in different cyclical markets, permits a natural diversification of the risk, guaranteeing greater stability of the economic margins; in addition, on a wider perspective, further development and expansion opportunities can be evaluated and undertaken.

In relation to the operations in the current year, it should be noted that a particular commitment will be made to accelerate the processes of knowledge of the companies entering the Group, in particular aimed at pursuing synergies especially through the exchange of know-how; projects have already commenced on the integration of information systems which is expected to permit the use of a common system in 2006.

Relating to the principal geographical areas in which the Group operates, it is considered that the Danish market can confirm the good performance of the previous year, that the Turkish market should continue to grow at rates of recent years and for the Italian market it is expected the high level of consumption reached in 2004 will continue.

In relation to margins, the activities in Denmark should confirm those of recent years, in Turkey further improvement is expected, while in Italy the expectations is for a possible decrease in margins, as seen in 2004, due to the further increase of some operating costs.

PROPOSAL TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

In relation to the matters on the agenda we propose:

1. to approve the Director's Report on operations, and the financial statements for the year ended December 31, 2004 with a net profit equal to Euro 204,297,075 to be allocated as follows:
 - (a) Euro 23,965,383 to the "Legal Reserve", to reach one fifth of the share capital, in compliance with article 2430 of the Civil Code;
 - (b) Euro 11,138,400 as dividend to the shareholders, corresponding to Euro 0.07 per share;
 - (c) Euro 7,658,005 to the re-composition of the "Share Premium Reserve";
 - (d) Euro 161,535,287 to the "Retained earnings carried forward".
2. Appointment of the Board of Statutory Auditors for the three year period 2005/2006/2007. Appointment of the Chairman of the Board of Statutory Auditors and determine the emoluments of the standing auditors.
3. Sale and purchase of treasury shares in accordance with article 2357 and subsequent amendments of the Civil Code.

With the expiry of the authorisation for the purchase and sale of treasury shares provided by the Shareholders' Meeting of May 10, 2004, in order to support the share on the stock exchange, a request is made to the shareholders to authorise such operations.

This proposal consists of authorisation, for a period of 12 months from the date of the Shareholders' Meeting convened, for the purchase and sale of treasury sales in accordance with article 2357 of the Civil Code for a maximum of 6,000,000 shares for a nominal value of Euro 6 million, constituting for this purpose a specific reserve of Euro 13 million through the transfer from the Share Premium Reserve.

These operations must be made within a price range of 15% higher or lower compared to the average stock exchange price of the share, referring to the three previous days of each operation.

For the Board of Directors
the Chairman

BALANCE SHEET AND
INCOME STATEMENT FOR THE
YEARS ENDED 31 DECEMBER
2004 AND 2003

CEMENTIR S.p.A.
BALANCE SHEET

(amounts in Euro)

ASSETS

	31.12. 2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) UNPAID SHARE CAPITAL		0		0
B) FIXED ASSETS				
I. Intangible assets				
1. Other intangible assets		165,513		59,522
2. Assets in progress and pay. on account		755,127		0
Total intangible fixed assets		920,640		59,522
II. Tangible fixed assets				
1. Land and buildings		25,792,245		33,931,648
2. Plant and machinery		62,616,588		91,840,158
3. Industrial and commercial equipment		282,001		134,990
4. Other fixed assets		472,748		206,375
5. Assets under const.& pay. on account		4,949,668		3,345,264
Total tangible fixed assets		94,113,250		129,458,435
III. Financial				
1. Equity investments in:		210,334,468		66,667,212
a) subsidiary companies	205,362,073		56,780,816	
b) associated companies	2,478,993		2,478,993	
b) other companies	2,493,402		7,407,403	
2. Receivables:		319,688		398,934
a) from others	319,688		398,934	
3. Treasury shares		0		7,114,736
Total financial fixed assets		210,654,156		74,180,882
TOTAL B) FIXED ASSETS		305,688,046		203,698,839
C) CURRENT ASSETS				
I. Inventories				
1. Raw materials, supplies and con. stores		13,651,931		12,920,602
2. Semi-finished products		4,371,079		3,725,340
3. Finished products and goods		6,221,911		5,502,587
Total inventory		24,244,921		22,148,529
II. Receivables				
1. Trade receivables		69,993,704		67,722,647
2. Subsidiaries		300,770,289		93,628,455
3. Associated and other companies		352,698		510,026
4- Bis. Tax receivables		2,481,065		146,741
4 Ter. Deferred tax assets		34,872,408		35,882,478
5. Others		161,407		493,202
Total Receivables		408,631,571		198,383,549
III. Current financial assets		0		0
Total current financial assets		0		0
IV. Cash and cash equivalent				
1. Bank and post office deposits		1,621,939		59,455,417
2. Cash and equivalent on hand		169,395		185,420
Total cash in banks and on hand		1,791,334		59,640,837
TOTAL C) CURRENT ASSETS		434,667,826		280,172,915
D) PREPAYMENTS AND ACC. INCOME		1,024,762		946,703
TOTAL ASSETS (A+B+C+D)		741,380,634		484,818,457

(1) All due within one year

CEMENTIR S.p.A.**BALANCE SHEET***(amounts in Euro)***LIABILITIES**

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) NET EQUITY				
I. Share capital		159,120,000		159,120,000
II. Share premium reserve		15,052,270		22,710,274
III. Revaluation reserve		97,732,271		127,204,706
IV. Legal reserve		7,858,617		7,858,617
V. Reserve for treasury shares held		0		7,114,736
VI. Statutory reserve		0		0
VII. Other reserves		26,357,945		20,976,212
a) Capital grant reserve	13,206,921		13,206,921	
b) Reserve art. 15 Law 113/88 no. 67	138,375		138,375	
c) Extraordinary reserve	0		1,737,202	
d) Reserve for acquisition of treasury shares	13,000,000		5,885,264	
e) Reserve Law 349/95 Art.11	12,649		8,450	
VIII. Retained earnings		0		0
IX. Result for the year		204,297,075		(29,472,434)
TOTAL A) NET EQUITY		510,418,178		315,512,111
PROVISIONS FOR CON. AND CHARGES				
1. For taxation including deferred taxes		11,420,287		426.803
2. Others		257,354		469.640
TOTAL B) PROVISIONS FOR CON. & CHARGES		11,677,641		896,443
C) EMPLOYEE LEAVING INDEMNITY		7,624,215		7,315,402
D) PAYABLES				
1. Payables to banks		98,289,933		35,676,662
a) due within one year	82,351,993		24,493,507	
b) due beyond one year	15,937,940		11,183,155	
2. Other lenders		39,007,780		39,007,780
b) due beyond one year	39,007,780		39,007,780	
3. Trade payables (1)		59,422,042		52,824,560
4. Subsidiaries (1)		6,210,005		2,067,051
5. Tax payables (1)		1,273,997		13,373,358
6. Social security institutions and social security institutions (1)		1,201,437		1,055,801
7. Other payables (1)		3,893,135		14,483,069
TOTAL D) PAYABLES		209,298,329		158,488,281
E) ACCRUALS AND DEFERRED INCOME		2,362,271		2,606,220
TOTAL LIAB. & EQUITY (A+B+C+D+E)		741,380,634		484,818,457

(1) All payable within one year

CEMENTIR S.P.A.

MEMORANDUM ACCOUNT

(amounts in euro)

	31.12.2004		31.12.2003	
Goods or assets held in deposit by the company		41,561		47,247
Goods or assets in deposit or use held by third parties		1,827,850		614,021
Shares to deliver to ex Calabrie shareholders		855		855
Shares without valuable consideration to be delivered		38,729		38,729
Pledges and mortgages in favour of third parties		16,526,621		12,105,229
Guarantees received from third parties		4,536,575		4,598,039
Guarantees in favour of third parties		10,740,012		8,475,999
a) others	10,740,012		8,475.999	
TOTAL MEMORANDUM ACCOUNTS		33,712,203		25,880,119

CEMENTIR S.P.A.
INCOME STATEMENT
(amounts in Euro)

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
PRODUCTION VALUE				
1. Revenues from sales and services		203,875,029		200,239,306
2. Changes in inventory of products in course of production, semi-finished and finished		1,365,063		1,279,898
3. Changes in work in progress on orders		0		0
4. Increase in fixed assets constructed internally		517,049		418,832
5. Other revenues		778,964		1,127,622
TOTAL A) VALUE OF PRODUCTION		206,536,105		203,065,658
B) COSTS OF PRODUCTION				
6. Raw materials, consumables and supplies		(78,822,087)		(73,416,086)
7. Services		(40,044,976)		(36,651,121)
8. Rents, leases and similar costs		(424,886)		(115,717)
9. Personnel costs		(22,569,248)		(22,548,561)
a) salaries and wages	(15,355,234)		(14,966,026)	
b) social security contributions	(5,586,415)		(5,403,459)	
c) employee leaving indemnity	(1,098,895)		(1,061,610)	
d) other costs	(528,704)		(1,117,466)	
10. Amortisation, depreciation and write-down		(57,583,340)		(40,475,900)
a) amortisation of intangible fixed assets	(53,010)		(298,619)	
b) depreciation of tangible fixed assets	(57,164,611)		(39,825,023)	
c) doubtful debt provision	(365,719)		(352,258)	
11. Change in inventory of raw materials ancillary and consumables		731,329		588,551
12. Provision for liabilities		(153,129)		(152,855)
13. Other provisions		0		0
14. Other operating expenses		(3,121,260)		(4,420,792)
TOTAL PRODUCTION COSTS		(201,987,597)		(177,192,481)
<i>Difference between the value and cost of production (A-B)</i>		4,548,508		25,873,177
FINANCIAL INCOME AND CHARGES				
15. Income from equity investments:		34,949,658		3,197,756
a) subsidiary companies	1,321,999		0	
b) associated companies	117,000		281,250	
b) other companies	1,080,000		1,307,830	
d) gains on sale of equity holdings	32,430,659		1,608,676	
16. Other financial income		2,100,794		2,024,710
b) other income than above	2,100,794		2,024,710	
17. Interest and other financial charges		(3,056,341)		(3,184,054)
a) banks and financial institutions	(2,548,212)		(2,469,638)	
b) subsidiaries	(22,311)		(8,321)	
c) other charges	(416,457)		(706,095)	
b) losses on sales of equity holdings	(69,361)		0	
17 bis. Exchange gains and losses		190,900		(279,698)
FINANCIAL INCOME AND CHARGES		34,185,011		1,758,714
D) ADJUSTMENT OF VALUE TO FINANCIAL ASSETS				
18. Re-valuations		0		0
19. Write-downs		0		(59,506,015)
TOTAL D) ADJ. OF VALUE TO FINANCIAL ASSETS		0		(59,506,015)
EXTRAORDINARY INCOME AND CHARGES				
20. Income		180,160,587		1,156,967
a) gains on disposals	10,478,922		310	
b) other income	169,681,665		1,156,657	
21. Charges		(10,468,526)		(16,989,863)
a) losses on disposals	(3,502)		(1,381,557)	
b) other charges	(10,465,024)		(15,608,306)	
EXTRAORDINARY INCOME AND CHARGES		169,692,061		(15,832,896)
PRE-TAX RESULT		208,425,580		(47,707,020)
22. Income tax		(4,128,505)		18,234,586
a) current income taxes	291,517		(2,097,077)	
b) deferred tax charge	(3,409,952)		(252,653)	
c) deferred tax income	(1,010,070)		20,584,316	
23. Result for the year		204,297,075		(29,472,434)

NOTES TO THE FINANCIAL
STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2004

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2004

Structure and contents of the financial statements

The financial statements were prepared in accordance with the civil code and consist of the Balance Sheet (prepared in accordance with the format required by articles 2424 and 2424 bis of the Italian Civil Code), the Income Statement (prepared in accordance with the format required by articles 2425 and 2425 bis of the Italian Civil Code) and the Notes to the Accounts.

The notes to the financial statements have the function of providing illustration, analysis and for some aspects serve as an integral part of the information within the financial statements and contain the information requested by Article 2427 of the Civil Code, other requirements of law and the recommendations of CONSOB. In addition, all of the complementary information considered necessary in order to provide a true and fair view is included, even if not required by specific provisions in the legislation.

The financial statements were prepared in accordance with the provisions of the O.I.C. No. 1 document issued by the Italian Accounting Organisation in accordance with Legislative Decree No. 6 of January 17, 2003 in relation to the valuation of the accounts and the new accounts required for the Balance Sheet and Income Statement.

The attachments to the financial statements indicate the amounts corresponding to the accounts in the previous year, reclassified in accordance with the new account items, as required by O.I.C No. 1.

Accounting principles

The financial statements were prepared in accordance with current legislation and the accounting principles as contained in article 2426 of civil code, in accordance with the general criteria of prudence and accruals and on a going concern basis and taking into consideration the economic functions of assets and liabilities.

For the most important accounts in the Balance Sheet and Income Statement the accounting principles adopted are as follows:

Intangible assets

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

The amortisation is applied on a straight-line basis as a deduction of the cost within a maximum period of five years and is determined according to the estimated useful life of the assets.

The formation and start-up costs are recorded with the approval of the Statutory Auditors.

Tangible fixed assets

Tangible fixed assets are stated at purchase or production cost as adjusted for certain assets in application of monetary revaluations, as shown in the schedule attached. Cost includes any related charges and direct and indirect costs reasonably attributable to the assets in question.

Tangible fixed assets are depreciated in accordance with the straight-line method, and by applying depreciation rates that are determined in relation to the useful remaining life of the assets.

In the case of a permanent impairment in value, in addition to accumulated depreciation, the asset is written down by a corresponding amount. The original value is reinstated in future years should the reason for the write-down no longer exist, adjusted solely to take account of depreciation.

The depreciation is recorded as direct deductions on the value of the assets to which they refer.

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

The ordinary depreciation rates applied are shown below:

Buildings	3%
Industrial buildings	5.5%
Light constructions	10%
General and specific plant	12.5%
Furnaces and accessories	15.5%
Other equipment	25%
Site elevators	25%
Ships	9%
Transport vehicles	20%
Motor vehicles and similar	25%
Office furniture and machines	12%
Electromechanical and electronic office machines	20%
Land and quarry buildings:	
• For purchases to 31.12.1988	4%
• For purchases made in 1989	8%
Machinery	10%
Quarry vehicles	25%
Other excavating machinery	30%

Financial assets

Equity investments

Equity investments are valued at cost; the cost value is determined based on the acquisition cost or subscription, or value attributed to assets conferred.

The cost is reduced for permanent impairment in values where any losses are not expected to be covered by profits in the immediate future; the original value is written back in successive years when the conditions for their write-down no longer exist.

Inventories

Inventories are valued at the lower of purchase price and/or production and the estimated realisable value based on market values at the balance sheet date.

The cost configuration adopted is the LIFO method on an annual basis and is determined as follows:

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

Receivables

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.

Prepayments and accruals

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:

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

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

Employee leaving indemnity provision

This complies with regulations in force and refers to the total liabilities due to all employees at the period-end. This liability is revalued in accordance with 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 year 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.

Deferred tax assets and liabilities are calculated on the timing differences between the assessable taxable income and the result for statutory purposes.

Translation criteria used for recording currencies other than the Euro

The foreign currency assets and liabilities at December 31, with the exception of fixed assets, are recorded at the exchange rate at the end of the period.

The exchange rate differences are directly recorded in the income statement. If a net gain arises on the conversion of receivables and payables in foreign currencies at the year end, this is recorded in a specific non-distributable reserve until its realisation.

Other Information

Exceptions under the 4th paragraph of Article 2423 of the Civil Code

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.

Consolidated Financial Statements

The Company prepares the consolidated financial statements of the Group in accordance with Legislative Decree 127/91 that has introduced into Italian legislation the EC Directive VII.

The consolidated financial statements are prepared in order to provide greater information on the balance sheet, financial position and results of the Group.

BALANCE SHEET

Comments on the principal balance sheet accounts

Fixed assets

The total value of fixed assets increased in the year by Euro 101,989 thousand from Euro 203,699 thousand to Euro 305,688 thousand, that include the following accounts:

INTANGIBLE ASSETS

The intangible assets, equal to Euro 921 thousand, reflect the residual value of the costs incurred for the purchase and implementation of the data processing system SAP R3 for Euro 166 thousand, and leasehold improvements for Euro 755 thousand.

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

TANGIBLE FIXED ASSETS

The net tangible fixed assets, equal to Euro 94,113 thousand, recorded a decrease of Euro 35,345 thousand resulting from:

	<i>(in Euro thousands)</i>
Purchases and services from third parties	10,513
Increases for internal work	517
Net disposals	(9,569)
Effect of fiscal adjustment	20,359
Depreciation for the year	(57,165)
	<u>(35,345)</u>

The investments made in tangible fixed assets in 2004 related to all of the factories of the company and principally concerned the rationalisation, modernisation and maintenance of all the factories, as well as up-dating the ecological plant. In addition, particular care and attention was placed on maintenance activities to guarantee the functioning of the plant.

The divestments in the year, refer to the sale of premises forming part of the non-productive assets owned at Corso di Francia (Rome), resulting in a capital gain of approximately Euro 10,452 thousand.

In compliance with the provisions of O.I.C. No. 1 a fiscal adjustment was made to "Tangible fixed assets" through the elimination of the residual accelerated depreciation amounting to Euro 20,359 thousand, detailed as follows:

	<i>(in Euro thousands)</i>
Accelerated depreciation provided to 31/12/2003	37,455
Reversal depreciation at 31/12/2003	(17,096)
	<u>20,359</u>

This effect was recorded in a specific account of extraordinary items in the income statement, while at the same time charging Euro 7,584 thousand to the relative deferred tax.

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

Depreciation was calculated on the fixed assets based on the economic/technical rates indicated under the applicable accounting principles applied.

In accordance with the provisions of article 10 of Law 72/83 the details of revaluations are provided in the table below:

(in thousands of Euro)

	LAW 576/75	LAW 72/83	LAW 413/91	L. 342/2000 YEAR 2000	L. 342/2000 YEAR 2003	TOTAL
Land and buildings	0	114	84	0	0	198
Land and industrial buildings	2,904	11,351	13,185	0	0	27,440
Plant, machinery and equipment	6,773	30,029	4,028	179,900	44,980	265,710
Other fixed assets	6	55	0	0	0	61
Total	9,683	41,549	17,297	179,900	44,980	293,409

The tangible fixed assets are mortgaged for a total amount of approximately Euro 25 million, pledged to guarantee medium and long-term loans, the residual amount of which are approximately Euro 16.5 million at December 31, 2004.

FINANCIAL ASSETS

They relate to:

(in thousands of Euro)

	2004	2003	CHANGE
1) Investments in			
a) subsidiary companies	205,362	56,781	148,581
b) associated companies	2,479	2,479	0
b) other companies	2,493	7,407	(4,914)
	<u>210,334</u>	<u>66,667</u>	<u>143,667</u>
2) Receivables			
a) from others	320	399	(79)
3) Treasury shares	0	7,115	(7,115)
	<u>210,654</u>	<u>74,181</u>	<u>136,473</u>

In relation to the equity investments, totalling Euro 210,334 thousand, the changes in 2004 were as follows:

(in Euro thousands)

Increases

- For fiscal adjustment:
 - Cimentas A.S. 28,401
 - Intercem S.A. 120,255
 - For incorporation
 - CEM 2004 S.r.l. 10
- 148,666

Decreases

- For sales:

– Compact Puglia S.r.l.	(85)
– Caltagirone Editore S.p.A.	(4,914)
	<u>(4,999)</u>
Total changes	<u><u>143,667</u></u>

In compliance with the provisions of O.I.C. No. 1, the write-downs made in previous years for fiscal purposes were reversed from the accounts “Financial assets”. In detail:

(in thousands of Euro)

	<i>Cimentas A.S.</i>	<i>Intercem S.A.</i>	<i>Total</i>
Write-downs Year 2002	19,819	71,339	91,158
Write-downs Year 2003	8,582	48,916	57,498
Total	28,401	120,255	148,656

The increase of Euro 10 thousand relates to the incorporation of CEM 2004 S.r.l. made on December 20, 2004. The subscribed capital was equal to 99.99% of the total:

In relation to Compact Puglia S.r.l., this was sold on December 3, 2004 to the related company SO.G.IM. S.p.A. for Euro 16 thousand realising a loss of Euro 69 thousand.

On November 29, 2004 the parent company sold the holding in Caltagirone Editore S.p.A. for an amount of Euro 34,922 thousand, based on stock exchange values, to the related company Capitolium S.p.A., realising a gain of Euro 30,008 thousand.

At the end of 2004, the investments in subsidiary and associated companies, in accordance with article 2426 of the Civil Code are illustrated below:

(in thousands of Euro)

Company	Year end	Share Capital	Shareholders' equity		Result for the year			Book value (B)	Value ex art. 2426 Civil Code	Difference (B) - (C)
			Total amount	Pro-quota amount (A)	Total amount	Pro-quota amount	% held			
<i>Subsidiary companies</i>										
- Cementir Delta S.p.A. Roma	31/12/2004	38,218	118,539	118,421	4,244	4,240	99.9	38,217	118,421	(80,204)
- Intercem S.A. Luxembourg	30/11/2004	100	11,643	11,631	11,543	11,531	99.0	120,354	11,630	108,724
- Alfacem S.r.l. Roma	31/12/2004	10	5,440	5,434	5,219	5,214	99.9	221	5,434	(5,213)
- Calcestruzzi Picciolini S.p.A. Rome	31/10/2004	104	1,382	1,381	781	780	99.9	103	1,356	(1,253)
- Cem 2004 S.r.l. Rome	31/12/2005	10	10	10	0	0	99.9	10	10	0
- Cimentas A.S. Turkey	31/12/2004	17,155	147,143	27,957	5,058	961	19.0	46,457	27,957	18,500
				<u>167,834</u>				<u>205,362</u>	<u>164,808</u>	<u>40,554</u>
<i>Associated companies:</i>										
- Speedybeton S.p.A. Pomezia (Roma)	31/12/2004	300	6,877	2,063	1,215	364	30	2,479	2,063	416
				<u>2,063</u>				<u>2,479</u>	<u>2,063</u>	<u>416</u>
				<u>166,897</u>				<u>207,841</u>	<u>166,871</u>	<u>40,970</u>

In relation to the equity investments whose book value is higher than that resulting from the application of the valuation criteria required by article 2426 of the civil code, these differences are generally attributed to the higher cost sustained on purchase to recognise the current asset values and goodwill. In any case, their valuation, in accordance with the above-mentioned article of the Civil Code, are higher overall than the carrying value, as illustrated in the consolidated financial statements.

A statement showing the movements in equity investments in the year is provided as an attachment in accordance with article 2427 of the Civil Code.

All of the above listed equity investments relate to companies not quoted with the exception of Cimentas A.S. quoted on the Istanbul stock exchange.

The “other receivables”, amounting to Euro 320 thousand, relate to advance tax paid on the employee leaving indemnity (Euro 295 thousand), and, for the residual amount, to deposits from third parties in relation to various contracts.

The “Treasury shares” were sold on November 29, 2004 to the related company Capitolium S.p.A. for an amount of Euro 9,537 thousand, based on stock exchange values, realising a gain of Euro 2,423 thousand.

Current Assets

Total current assets increased from Euro 280,173 thousand to Euro 434,668 thousand and include the following assets:

Inventories

At December 31, 2004, inventory amounted to Euro 24,245 thousand, as follows:

	<i>(in thousands of Euro)</i>		
	2004	2003	CHANGE
Raw materials, supplies and consumable stores	13,652	12,921	731
Semi-finished products	4,371	3,725	646
Finished products	6,222	5,503	719
	24,245	22,149	2,096

Inventory was valued in accordance with the applicable accounting principles; if the inventories had been valued using a costing method that appropriates to current values at the balance sheet date, the book value would have been approximately Euro 4.5 million higher (Euro 3.3 million at December 31, 2003).

Receivables

The receivables, all due within one year, amount to Euro 408,632 thousand and consist of the following accounts:

(in thousands of Euro)

	2004	2003	CHANGE
Trade receivables	69,994	67,723	2,271
Subsidiaries	300,770	93,628	207,142
Associated companies	353	510	(157)
Tax receivables	2,481	147	2,334
Deferred tax assets	34,872	35,883	(1,011)
Others	162	493	(331)
	408,632	198,384	210,248

The increase in trade receivables compared to the previous year is principally due to the increased level of sales in the year.

The “trade receivables” are recorded net of the doubtful debt provision that reflects the realisable value at the end of the year.

The movements in the provision for doubtful debts during 2004 were as follows:

(in thousands of Euro)

Balance as at 31/12/2003	2,735
Utilisation in the period	(273)
Provision in the period	366
Balance as at 31/12/2004	<u>2,828</u>

The “subsidiary and associated companies” receivables amounted to Euro 301,123 thousand and derive from operations of a commercial and financial nature; they are divided as follows:

(in thousands of Euro)

	Financial receivables	Trade receivables	Total
Subsidiary companies:			
Intercem S.A.	72,699	0	72,699
Cimentas A.S.	0	776	776
Calcestruzzi Picciolini S.p.A.	3,864	547	4,411
Cementir Delta S.p.A.	222,884	0	222,884
Sub-total	<u>299,447</u>	<u>1,323</u>	<u>300,770</u>
Associated companies:			
Speedybeton S.p.A.	0	353	353
Sub-total	<u>0</u>	<u>353</u>	<u>353</u>
Total	<u>299,447</u>	<u>1,676</u>	<u>301,123</u>

The receivable from Cementir Delta S.p.A. represent for Euro 222,265 thousand a loan for the acquisition of the Danish companies Aalborg Portland AS and Unicon AS and for the residual amount of Euro 619 thousand a receivable for the transfer of IRES tax payables, following the adhesion to the national fiscal consolidation regime.

The “Tax Receivables”, for Euro 2,481 thousand (Euro 147 thousand at December 31, 2003), relate to:

(in thousands of Euro)

Receivables for IRAP	831
Receivables for IRPEG	967
VAT Receivables	590
Other receivables	93
	2,481
	2,481

The “Deferred tax asset”, equal to Euro 34,872 thousand, is calculated on the timing differences between the assessable taxable income and the result for statutory purposes. The detail of the account is as follows:

(in thousands of Euro)

	Assessable income	Deferred tax asset For IRES at 33%	Deferred tax asset for IRAP at 4.25%	Total Deferred tax asset
1. Write-downs of equity invest.	71,332	23,540	0	23,450
2. Non-deductible doubtful debt provision	3,884	1,282	165	1,447
3. Sales representatives expenses	74	24	3	27
4. Fiscal losses	28,321	9,346	0	9,436
5. Other provisions not subject to IRAP	1,553	512	0	512
	105,164	34,704	168	34,872

The “other” receivables, equal to Euro 161 thousand, relate to transactions of a various nature.

This account consists of:

(in thousands of Euro)

Advances to supplier	118
Social security entities	9
Other receivables	34
	161
	161

Cash and banks

This account, amounting to Euro 1,791 thousand, principally relates to liquidity held at December 31, 2004 on the bank current accounts.

Prepayments and accrued income

The balance of Euro 1,025 thousand was made with reference to the accruals accounting principle. The account principally relates to accrued income of Euro 507 thousand relating to the state subsidised interest grant from Simest on

the loan provided by Medio Credito Centrale S.p.A. The prepayments, equal to Euro 378 thousand, principally relate to the charges on the loans provided and charged to the income statement based on the duration of the loans to which they refer.

BALANCE SHEET

Comments on the principal balance sheet accounts

Shareholders' Equity

The breakdown of shareholders' equity, equal to Euro 510,418 thousand, is as follows:

	<i>(in thousands of Euro)</i>		
	2004	2003	CHANGE
SHARE CAPITAL	159,120	159,120	0
SHARE PREMIUM RESERVE	15,052	22,710	(7,658)
REVALUATION RESERVE	97,733	127,205	(29,472)
LEGAL RESERVE	7,859	7,859	0
RESERVE FOR TREASURY SHARES IN PORTFOLIO	0	7,115	(7,115)
OTHER RESERVES:			
a) Capital grants	13,207	13,207	0
b) Reserve art. 15 Law 11/3/88 n. 67	138	138	0
c) Extraordinary reserve	0	1,737	(1,737)
d) Reserve for the acquisition of treasury shares	13,000	5,885	7,115
e) Reserve Law 349/95 art. 11	12	8	4
RETAINED EARNINGS	0	0	0
NET PROFIT (LOSS) FOR THE YEAR	204,297	(29,472)	233,769
TOTAL NET EQUITY	510,418	315,512	194,906

The share capital is composed of 159,120,000 ordinary shares of a nominal value of Euro 1 each.

In accordance with the resolution taken at the Shareholders' Meeting of May 10, 2004, the loss for the year 2003, equal to Euro 29,472 thousand, was covered through the partial utilisation of the revaluation reserve.

Having approved a dividend of Euro 9,395 thousand (Euro 0.06 per share), an amount of Euro 1,737 thousand was utilised from extraordinary reserves and Euro 7,658 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", cancelled in the year following the sale of the 2,533,226 ordinary shares held, and the "Reserve for the acquisition of treasury shares", 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).

The net profit per share was equal to Euro 1.28.

A statement showing the changes in the year in 2003 and 2004 in the individual accounts is attached.

Provision for contingencies and charges

The provisions for contingencies and risks amounted to Euro 11,678 thousand and related to:

(in thousands of Euro)

	2003	Provisions	Util.	2004
Income taxes	427	11,135	142	11,420
Other	469	153	364	258
	896	11,288	506	11,678

The taxation provision, considered adequate for residual future taxes, includes the provisions for deferred tax liabilities.

The liability is calculated as follows:

(in thousands of Euro)

	Assessable income	Deferred taxes for IRES at 33%	Deferred tax liability for IRAP at 4.25%	Total Deferred tax asset
1. Profits on tangible asset sales	9,125	3,011	388	3,399
2. Residual accelerated depreciation	21,533	7,106	915	8,021
	30,658	10,117	1,303	11,420

The account "Other" includes the provision of Euro 101 thousand for cyclical maintenance for the maintenance and overhaul of the propriety ship and the "provision for indemnities to agents" of Euro 156 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 Company.

Employee leaving indemnity

The "Employee leaving indemnity" equal to Euro 7,624 thousand (Euro 7,315 thousand at December 31, 2003), relates to the full liability matured at December 31, 2004 to employees in accordance with current legislation and labour agreements.

The increase amounts to Euro 309 thousand and the breakdown is as follows:

(in thousands of Euro)

Provisions for the quota matured in the year	1,099
Indemnities paid in the year	(790)
	<u>309</u>

The number of employees at December 31, 2004 amounted to 551 (544 at December 31, 2003), consisting of 12 executives, 218 managers, white collars, temporary staff and 321 blue collar workers.

Payables

The total payables amounted to Euro 209,298 thousand (Euro 158,488 thousand at December 31, 2003) divided as follows:

(in thousands of Euro)

	2004	2003	CHANGES
Payables to banks	98,290	35,677	62,613
- due within one year	82,352	24,494	57,858
- due beyond one year	15,938	11,183	4,755
Payables to other lenders (due beyond one year)	39,008	39,008	0
Trade payables	59,422	52,824	6,598
Subsidiaries	6,210	2,067	4,143
Tax authorities	1,274	13,373	(12,099)
Payables to pension and social security institutions	1,201	1,056	145
Other payables	3,893	14,483	(10,590)
	209,298	158,488	50,810

In relation to bank payables the total amount of secured loans amounts to Euro 16,527 thousand.

The payables to banks over one year amount to Euro 15,938 thousand and refers to a loan from the Banca Intesa on the building located at Torrespaccata, maturing in 2024.

The total amount of loans maturing within five years is Euro 3,152 thousand and the sum of Euro 9,473 thousand with maturity dates of over five years.

The amount "Due to other lenders" refers to a subsidised loan granted in July 2002 by five credit institutions (lead bank MCC 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 7 years. The quota due within five years is Euro 31,206 thousand.

The trade payables, equal to Euro 59,422 thousand, increased by Euro 6,589 thousand.

The payables to subsidiaries, equal to Euro 6,210 thousand, relate to trade and financial operations; the breakdown is as follows:

(in thousands of Euro)

	Financial payables	Trade payables	Total
Subsidiary companies:			
Alfacem S.r.l.	5,143	0	5,143
Cimentas A.S.	0	945	945
Calcestruzzi Picciolini S.p.A.	0	122	122
Total	5,143	1,067	6,210

The payable to Alfacem S.r.l relates to an interest bearing loan, at market rates.

The tax payables amount to Euro 1,274 thousand (Euro 13,373 thousand at December 31, 2003) and are all payable within one year. The change compared to December 31, 2003 is principally due to the substitution tax paid for the revaluation (Euro 8,550 thousand). The account principally includes the residual payable for the amnesty tax of Euro 476 thousand and employee and consultant withholding tax of Euro 798 thousand.

The payables to pension and social security institutions, amounting to Euro 1,201 thousand (Euro 1,056 thousand at December 31, 2003), principally relates to INPS and INAIL payables of the company and withholding taxes on employee salaries in December.

The other payables of Euro 3,893 thousand (Euro 14,483 thousand at December 31, 2003) consist of items not of a strictly commercial nature. The decrease of Euro 10,590 thousand principally relates to the payment of fines from 1994 applied by the European Community, whose economic effects were recorded in previous years.

The composition of this account is as follows:

	<i>(in thousands of Euro)</i>
Employee payables, provisions for holidays not taken and relative contributions	1,377
Emoluments for corporate boards	340
Payables to agents	199
Shareholders for unpaid dividends	15
Payables for disputes	1,607
Other payables	355
	<hr style="border-top: 1px solid black;"/>
	3,893
	<hr style="border-top: 3px double black;"/>

Accrued liabilities and deferred income

The account “accruals and deferred income”, equal to Euro 2,362 thousand (Euro 2,606 thousand at December 31, 2003), principally relates to the quota of grants accrued at December 31, 2004 (Euro 1,771 thousand) against the residual amounts to depreciate on the assets to which they refer, accruals relating to financial charges for the year (Euro 561 thousand) and deferred rental income (Euro 27 thousand).

MEMORANDUM ACCOUNTS

The memorandum accounts are fully detailed in the balance sheet of the company.

In particular, “sureties and mortgages in favour of third parties” (Euro 16,527 thousand) relate to the mortgage on a building to guarantee a loan received.

The “sureties in favour of third parties” (Euro 10,740 thousand), changed by Euro 2,264 thousand, relates to guarantees for supplies and concessions for the use of quarries.

INCOME STATEMENT

COMMENTS ON THE PRINCIPAL INCOME STATEMENT ACCOUNTS

The Director's Report on operations for the year 2004 illustrates the reclassified income statement of Cementir compared to the previous year.

Value of production

The "value of production" increased from Euro 203,066 thousand to Euro 206,536 thousand and relates to revenues and income as follows:

	<i>(in thousands of Euro)</i>		
	2004	2003	CHANGE
Revenues from sales and services	203,875	200,239	3,636
Change in work in process, semi-finished and finished products	1,365	1,280	85
Increase in fixed assets built internally	517	419	98
Other revenues	779	1,128	(349)
	206,536	203,066	3,470

The account "revenues from sales and services", amounting to Euro 203,875 thousand, in addition to revenues from the sale of goods and materials deriving from normal activities of the company (Euro 194,945 thousand), includes revenues for services (Euro 8,930 thousand), principally concerning reimbursement by clients for transport costs and various services, separately indicated in the invoice.

Given the location of the factories, the revenues are almost all entirely in Italy; the amount of overseas revenues is equal to approx. 3%.

The increase in "assets built internally", for Euro 517 thousand, relates to the capitalisation of tangible fixed assets constructed by the company.

The "other revenues and income", equal to Euro 779 thousand, include Euro 708 thousand of grants for the year, recognised in line with the depreciation on the assets to which they refer, and the recovery of expenses from third parties.

Costs of Production

The "cost of production", amounting to Euro 201,988 thousand (Euro 177,192 thousand in 2003) include all the costs relating to the industrial management, with the exclusion of those relating to the financial area, extraordinary charges and income taxes.

The composition of the costs is as follows:

(in thousands of Euro)

	2004	2003	CHANGE
Raw, ancillary and consumable materials and goods	78,822	73,416	5,406
Services	40,045	34,802	5,243
Rents, leases and similar costs	425	116	309
Personnel	22,569	22,548	21
Amortisation, depreciation and write-down	57,584	40,476	17,108
Movements in stocks of raw materials, subsidiary materials, expendables and goods	(731)	(589)	(142)
Provision for liabilities	153	153	0
Other operating charges	3,121	6,270	(3,149)
	201,988	177,192	24,796

The costs incurred for “raw materials, ancillary, consumables and goods”, equal to Euro 78,822 thousand, relate to all of the costs incurred in the year for the purchase of raw material and semi-finished products in the production activities, specific materials and spare parts, electricity and fuel costs and accessory expenses related to the operational activities.

The “costs for services”, equal to Euro 40,045 thousand, include expenses for services provided by companies and consultants in the year for technical, commercial, administrative and legal consultancy and transport costs relating to the delivery of the products sold.

The total remuneration of the Directors and Statutory Auditors amounted to Euro 1,823 thousand, of which Euro 1,730 thousand to Directors and Euro 93 thousand to the Board of Statutory Auditors.

In compliance with Regulations article 32 and 33 adopted with the resolution No. 11520 of July 1, 1998, the total remuneration paid to Directors, Statutory Auditors and the General Director in all forms, including from subsidiary companies, are provided as an attachment.

The attachment also provides information on equity holdings held in the Company.

The “costs for the use of third party assets”, equal to Euro 425 thousand, includes all the costs incurred for hire and office rental.

“Personnel costs”, equal to Euro 22,569 thousand, adequately detailed in the income statement, represent the amounts incurred for salaries, pension and social security payments, provisions for employee leaving indemnities and for other costs including additional indemnities, professional payments, contributions for cultural and recreational activities and the insurance costs directly affecting employees.

The average number of employees in the year was 547, of which 11 were executives, 216 managers, white-collar, intermediate staff and 320 blue-collar employees.

The account “amortisation, depreciation and write-downs”, amounting to Euro 57,584 thousand, includes:

- a) the “amortisation of intangible assets” for Euro 53 thousand, corresponding to the amortisation of one fifth of costs relating to the information system SAPR3.
- b) The “depreciation of tangible fixed assets”, for Euro 57,165 thousand, represents the ordinary depreciation in the year, applying the rates as previously indicated.

The increase in the account principally relates to the revaluation made in 2003 in accordance with law 342/2000 that began to have its effects from the present year.

For completeness of information it is noted that the revaluation of assets in accordance with law 342/2000 made in 2000 and 2003 resulted in higher depreciation of approximately Euro 46 million.

- c) The “provision for doubtful debts”, for Euro 366 thousand, corresponds to charges considered necessary to cover expected losses on receivables from customers.

The “provisions for liabilities”, equal to Euro 153 thousand, relates for Euro 139 thousand to the regular maintenance programme for the ship owned by the company and Euro 14 thousand for the agents’ leaving indemnities.

The “other operating charges”, amounting to Euro 3,121 thousand, relate to:

(in thousands of Euro)

Concession charges	406
Indirect taxes	1,106
Sales representatives expenses	85
Association fees	427
Other expenses	1,097
	<hr/>
	3,121
	<hr/> <hr/>

Indirect taxes include property taxes of Euro 750 thousand.

Financial income and charges

The account “financial income and charges” refers to all of the financial income and charges relating to the year; the balance is a positive amount of Euro 34,185 thousand.

The breakdown is as follows:

(in thousands of Euro)

	2004	2003	CHANGE
<i>Income from equity investments:</i>			
• subsidiary companies	1,322	0	1,322
• associated companies	117	281	(164)
• other companies	1,080	1,308	(228)
• gains on sale of equity investments	32,431	1,609	30,822
<i>Other financial income:</i>			
• other income than above	2,101	2,025	76
	37,051	5,223	31,828
<i>Interest and other financial charges:</i>			
• banks and financial institutions	(2,548)	(2,470)	(78)
• subsidiaries	(22)	(8)	(14)
• other charges	(417)	(706)	289
• losses on sale of equity investments	(69)	0	(69)
	(3,056)	(3,184)	128
<i>Exchange gains and losses</i>	190	(280)	470
<i>Total financial income and charges</i>	34,185	1,759	32,426

The income from equity investments relates to dividends from the subsidiaries Cimentas (Euro 1,322 thousand), Speedybeton S.p.A. (Euro 117 thousand) and Caltagirone Editore S.p.A. (Euro 1,080 thousand).

The account “gains on sale of equity investments” includes the gain of Euro 30,008 thousand realised on the sale of the holding in Caltagirone Editore S.p.A. and the gain of Euro 2,423 thousand realised on the sale of treasury shares.

The account “other financial income”, amounting to Euro 2,101 thousand, relates principally to the subsidised state grant on interest, paid by the company Simest on a loan received from Mediocredito Centrale S.p.A. (Euro 1,152 thousand) and interest income of Euro 949 thousand.

The bank interest payable relates to the interest on short-term loans of Euro 1,056 thousand and on medium/long-term loans of Euro 1,492 thousand.

The interest payable to subsidiaries for Euro 22 thousand, relates to Alfacem S.r.l. for a loan at market conditions.

In the new account “Exchange gains and losses”, there are net gains realised of Euro 244 thousand and net losses of Euro 53 thousand for adjustments to foreign currency differences; the adjustment was made based on the year-end exchange rate and recorded in this account in accordance with the O.I.C. No. 1 document.

Extraordinary income and charges

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

The overall balance is a positive amount of Euro 169,692 thousand resulting from the difference between income (Euro 180,161 thousand) and charges (Euro 10,469 thousand).

The account “extraordinary income” includes the gain of Euro 10,452 thousand realised on the sale of the building at Corso di Francia and the gain of Euro 169,014 as the effects of the fiscal adjustment. This fiscal adjustment, made in accordance with the corporate law reform and consequence of the O.I.C. No. 1 document issued, particularly concerned the revaluations of the equity investments Cimentas (Euro 28,401 thousand) and Intercem S.A. (Euro 120,255 thousand), and the elimination of the residual accelerated depreciation (Euro 20,358 thousand). For a clear representation of the effects of this fiscal adjustment, net of the relative taxes, the following table was prepared:

(in thousands of Euro)

	2004	2003	
	Result for the year	Result for the year	Capital and reserves
Result before tax adjustment	91,922	(29,473)	344,984
Fiscal adjustments, before deferred taxes:			
1. Accelerated depreciation	20,359	1,950	18,409
2. Other adjustments	148,656	57,498	91,158
Correlated deferred taxes on:			
1. Accelerated depreciation	(7,584)	(726)	(6,858)
2. Other adjustments	(49,056)	(18,974)	(30,082)
Total fiscal adjustments, after deferred taxes	112,375	39,748	72,627
Result after fiscal adjustments	204,297	10,275	417,611

The account “extraordinary charges”, amounting to Euro 10,469 thousand, includes the provision for deferred income taxes of Euro 7,584 thousand calculated on the reversal of the residual accelerated depreciation, in accordance with the O.I.C. No. 1 document, relating to fiscal adjustments.

Income taxes

The overall amount of income taxes was a negative amount of Euro 4,128 thousand.

The following amounts are included:

- IRAP income taxes equal to Euro 1,236 thousand and the transfer of the IRES income tax payable by the subsidiary Cementir Delta S.p.A. for Euro 1,519 thousand, resulting from the adhesion to the national fiscal consolidated regime.
- Deferred tax charge of Euro 3,410 thousand, calculated on the quota of the net accelerated depreciation in the year and on the deferment of the gain on the real estate sold.
- Deferred tax income, calculated on the temporary differences between assessable income tax and the statutory results, in accordance with the accruals principal of Euro 1,010 thousand; these amounts related to, with negative effect, the reversal of the write-downs on the equity investments in Intercem S.A. and

Cimentas S.A., whose fiscal deductibility is permitted in the current year and the following four years of Euro 9,853 thousand, and, with positive effect, the calculation of the deferred tax asset on the fiscal losses for the year of Euro 8,843 thousand.

The reconciliation between the actual fiscal charge and the theoretical fiscal charge is as follows:

(in thousands of Euro)

	Taxable profit	IRES tax	IRES rate
Net result before taxes	208,426	68,781	33.00%
Fiscal adjustment after deferred taxes	(161,430)	(53,272)	(25.56%)
Temporary differences assessable in future years	(9,309)	(3,072)	(1.47%)
Temporary differences deductible in future years	422	139	0.07%
Reversal of temporary differences from previous years	(41,948)	(13,843)	(6.64%)
Permanent differences	(30,408)	(10,035)	(4.81%)
	<u>(34,247)</u>	<u>(11,302)</u>	

*The Chairman
of the Board of Directors*

SCHEDULE OF THE CHANGES IN
THE SHAREHOLDERS' EQUITY AND
OTHER SCHEDULES FOR THE
YEARS ENDED DECEMBER 31, 2004
AND 2003

CEMENTIR S.p.A.

STATEMENT OF CHANGE IN NET EQUITY

December 31, 2004

in thousands of Euro

Description	Share Capital	Share premium reserve	Revaluation reserve	Legal reserve	Reserve for own shares in portfolio	Capital grants	Reserve art.15 Law 11/3/88	Extraordinary reserve	Reserve for treasury shares	Reserve Law 349/95	Retained earnings	Result for the year	Total
Balances at December 31, 2003	159,120	22,710	127,205	7,859	7,115	13,207	138	1,737	5,885	8	0	(29,472)	315,512
Distribution of dividend 2003:													
- Dividends distributed		(7,658)						(1,737)			0		(9,395)
Covering of losses 2003													
- Covering of losses Year 2003			(29,472)									29,472	0
Sale of treasury shares					(7,115)				7,115				0
Grants received										4			4
Result for the year												204,297	204,297
Balances at December 31, 2004	159,120	15,052	97,733	7,859	0	13,207	138	0	13,000	12	0	204,297	510,418

CEMENTIR S.p.A.

*STATEMENT OF CHANGE IN NET EQUITY
December 31, 2003
in thousands of Euro*

Description	Share Capital	Share premium reserve	Revaluation reserve	Legal reserve	Reserve for own shares in portfolio	Capital grants	Reserve art.15 Law 11/3/88	Extraordinary reserve	Reserve for treasury shares	Reserve Law 349/95	Retained earnings	Result for the year	Total
Balances at December 31, 2002	159,120	22,710	153,655	7,859	6,987	13,207	138	7,411	6,013	3	3,721	(62,900)	317,924
Distribution of dividend 2002:													
- Dividends distributed								(5,674)			(3,721)		(9,395)
Covering of losses 2002													
- Covering of losses Year 2002			(62,900)									62,900	0
Acquisition of treasury shares						128			(128)				0
Revaluations Law 342/2000			36,450										36,450
Grants received										5			5
Loss for the year												(29,472)	(29,472)
Balances at 31 December 2003	159,120	22,710	127,205	7,859	7,115	13,207	138	1,737	5,885	8	0	(29,472)	315,512

CEMENTIR S.p.A.

STATEMENT OF CHANGE IN NET EQUITY

31 December 2002

in thousands of euro

Description	Share Capital	Share premium reserve	Revaluation reserve	Legal reserve	Reserve for own shares in portfolio	Capital grants	Reserve art.15 Law 11/3/88	Extraordinary reserve	Reserve for treasury shares	Reserve Law 349/95	Retained earnings	Result for the year	Total
Balances at December 31, 2001	159,120	22,799	153,655	7,672	6,987	13,207	138	7,411	5,925	3	9,578	3,729	390,224
Apportionment of 2001 profit:													
- Reserves				187								(187)	0
- Dividends distributed											(5,857)	(3,542)	(9,399)
- Transfers		(88)							88				0
Loss for the year												(62,900)	(62,900)
Balances at December 31, 2002	159,120	22,711	153,655	7,859	6,987	13,207	138	7,411	6,013	3	3,721	(62,900)	317,925

CEMENTIR S.p.A.

INTANGIBLE FIXED ASSETS

in thousands of Euro

Account	As at 31.12.03			Change				As at 31.12.04		Net book value
	Acquisition	Amort.	Value in financial statements	Investments	Reclass.	Amort.	Total	Acquis.	Amort.	
Formation and start-up costs	217	(217)	0	0	0	0	0	217	(217)	0
Other	1,277	(1,217)	60	159	0	(53)	106	1,436	(1,270)	166
Assets under development and payments on account	0	0	0	755	0	0	755	755	0	755
	1,494	(1,434)	60	914	0	(53)	861	2,408	(1,487)	921

CEMENTIR S.p.A.

TANGIBLE FIXED ASSETS AND RELATIVE PROVISIONS FOR DEPRECIATION

in thousands of Euro

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other fixed assets	Assets under construction and payments on account	Total
December 31, 2003						
Cost	75,139	209,230	2,587	3,331	3,345	293,632
Revaluations	27,638	265,777	117	64	0	293,596
Accumulated depreciation	(68,845)	(383,167)	(2,569)	(3,189)	0	(457,770)
Value as per accounts (2003)	33,932	91,840	135	206	3,345	129,458
Changes in the year						
Investments	0	0	0	0	11,030	11,030
Reclassifications	722	8,322	147	234	(9,425)	0
Fiscal adjustment	3,450	16,585	122	202	0	20,359
Net disposals	(9,549)	(11)	0	(9)	0	(9,569)
Depreciation	(2,763)	(54,119)	(122)	(161)	0	(57,165)
Total changes	(8,140)	(29,223)	147	266	1,605	(35,345)
December 31, 2004						
Cost	60,014	217,165	2,702	3,300	4,950	288,131
Revaluations	27,638	265,594	117	60	0	293,409
Accumulated depreciation	(61,860)	(420,142)	(2,537)	(2,888)	0	(487,427)
Value as per accounts (2004)	25,792	62,617	282	472	4,950	94,113

CEMENTIR S.p.A.
FINANCIAL ASSETS – EQUITY INVESTMENTS AND PATMENTS ON ACCOUNT
in thousands of Euro

	31/12/2003			CHANGES IN THE YEAR			31/12/2004		
	Cost	Write-downs and sales	Value in financial statements	Subscriptions and revaluations	Write-downs and sales	Total changes	Cost	Write-downs and sales	Value in financial statements
<i>Subsidiary companies:</i>									
- Cementir Delta S.p.A.	38,217	0	38,217	0	0	0	38,217	0	38,217
- Calcestruzzi Picciolini S.p.A.	4,249	(4,146)	103	0	0	0	4,249	(4,146)	103
- Intercecm S.A.	99	0	99	120,255	0	120,255	120,354	0	120,354
- Alfacem S.r.l.	836	(615)	221	0	0	0	836	(615)	221
- Cimentas S.A.	47,604	(29,548)	18,056	28,401	0	28,401	76,005	(29,548)	46,457
- Compact Puglia S.r.l.	71,566	(71,481)	85	0	(85)	(85)	71,566	(71,566)	0
- Cem 2004 S.r.l.	0	0	0	10	0	10	10	0	10
	162,571	(105,790)	56,781	148,666	(85)	148,581	311,237	(105,875)	205,362
<i>Associated companies:</i>									
- Speedybeton S.p.A.	2,479	0	2,479	0	0	0	2,479	0	2,479
	2,479	0	2,479	0	0	0	2,479	0	2,479
<i>Other companies:</i>									
- Caltagirone Editore S.p.A.	5,400	(486)	4,914	0	(4,914)	(4,914)	5,400	(5,400)	0
- Cemencal S.p.A.	2,400	0	2,400	0	0	0	2,400	0	2,400
- S.I.P.A.C (in liquidation)	78	0	78	0	0	0	78	0	78
- Consozio Toscocem (in liquidation)	16	0	16	0	0	0	16	0	16
	13,069	(5,661)	7,408	0	(4,914)	(4,914)	7,894	(5,400)	2,494
GENERAL TOTAL	178,119	(111,451)	66,668	148,666	(4,999)	143,667	321,610	(111,275)	210,335

CEMENTIR S.p.A.

SCHEDULE OF NET EQUITY ACCOUNTS AT 31/12/2004
in thousands of Euro

Nature/description	Amount	Possibility of utilisation	Quota distrib.	Summary of utilisations made in the three previous years	
				to cover losses	for other reasons
Share Capital	159,120				
Share premium reserve	15,052	A,B,C	15,052		7,658
Revaluation reserve	97,733	A,B,C	97,733	92,372	
Legal reserve	7,859	B			
Reserve for own shares in portfolio	0				7,115
Capital grants	13,207	A,B			
Reserve art.15 L. 11/3/88 n.67	138	A,B			
Extraordinary reserve	0				7,411
Reserve for treasury shares	13,000				
Reserve Law 349/95	12	A,B			
Retained earnings	0	A,B,C			9,578
Total			112,785		
Non distributable quota			112,785		
Residual quota distributable			0		

Legend:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

CEMENTIR S.p.A.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

in thousands of Euro

	2004	2003
A. NET INITIAL CASH (SHORT TERM)	126,961	157,082
B. CASH FLOW FROM OPERATING ACTIVITIES		
Result for the year	204,297	(29,472)
Amortisation and depreciation	57,218	40,124
Write-down of equity holdings in subsidiary and other companies	0	59,506
Net change in provision for contingencies and charges	10,781	(664)
Net changes in the provisions for staff severance indemnities	309	(122)
Net (capital gains) losses from the sale of financial and tangible fixed assets	(42,837)	(196)
(Increase) reduction in inventories	(2,096)	(1,868)
(Increase) reduction in trade receivables	(2,271)	(5,257)
(Increase) reduction in receivables from subsidiary and associated companies (and other receivables)	(344)	(18,614)
Increase (reduction) in trade payables	6,597	(3,311)
Increase (reduction) in other payables	(23,521)	(1,410)
Other changes in working capital	(317)	(1,122)
	207,816	37,594
C. CASH FLOW DERIVED FROM INVESTMENT ACTIVITIES		
Investments in fixed assets:		
- intangible	(914)	(47)
- tangible	(11,030)	(7,589)
- financial assets	69	(5,056)
- treasury shares	0	(128)
Sales of financial fixed assets	44,476	6,771
Sales of tangible fixed assets	20,044	1,251
Effect of fiscal adjustment:		
- Reversal of residual accelerated depreciation 31 12 2003	(20,359)	0
- Reversal of write down in equity investments	(148,656)	0
	(116,370)	(4,798)
D. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans	4,755	(2,388)
Payment to cover losses in subsidiary companies	0	(51,134)
	4,755	(53,522)
E. DIVIDENDS DISTRIBUTED	(9,395)	(9,395)
F. CASH FLOW FOR THE PERIOD (B+C+D+E)	86,806	(30,121)
G. NET FINAL CASH (SHORT TERM) (1) (A+F)	213,767	126,961

(1) Includes financial receivables from subsidiary and associated companies

CEMENTIR S.p.A.

OTHER INFORMATION

2004

a) Directors	2,405
b) Standing Auditors	115

REMUNERATION OF DIRECTORS, STATUTORY AUDITORS AND GENERAL DIRECTOR

(information required by CONSOB resolution of 1/07/1998)

in thousands of Euro

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)
Name and surname	Office	Period of office	Expiry of office	Emoluments for office in company	Non-monetary benefits	Bonus and other incentives	Other remuneration
Francesco Caltagirone	Chairman of BOD	Full year	2005			1,464	
Luciano Leone	Director	Full year	2005	7			
Mario Ciliberto	Managing Director	Full year	2005	74		60	195
Mario Delfini	Director	Full year	2005	7			
Pasquale Alcini	Director	Full year	2005	5			
Carlo Carlevaris	Director	Full year	2005	7			14
Fabio Gera	Director	1/1-25/3/2004	2005	2			
Riccardo Nicolini	Director	Full year	2005	7		65	185
Walter Montevercchi	Director	Full year	2005				304
Saverio Caltagirone	Director	Full year	2005	7			
Alfio Marchini	Director	11/5-31/12/2004	2005	2			
Claudio Bianchi	Chairman of Board of Stat. Aud.	Full year	2004	39			
Gianpiero Tasco	Standing Auditor	Full year	2004	26			
Carlo Schiavone	Standing Auditor	Full year	2004	26			24

(1-2-3-4) – The remuneration is net of VAT due on pension charges (Independent schemes and Inps)

CEMENTIR S.p.A.

OTHER INFORMATION

EQUITY HOLDINGS OF THE DIRECTORS, STATUTORY AUDITORS AND GENERAL DIRECTOR

(information required by CONSOB resolution of 1/07/1998)

Name & Surname	Company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year
Francesco Caltagirone	Cementir S. p. A.	2,748,662	362,500	0	3,111,162
Edoardo Caltagirone	Cementir S. p. A.	286,000	0	0	286,000
Mario Ciliberto	Cementir S. p. A.	50,000	0	0	50,000
Riccardo Nicolini	Cementir S. p. A.	3,261	0	3,261	0
Carlo Schiavone	Cementir S. p. A.	5,000	0	0	5,000

FINANCIAL STATEMENTS OF THE
PRINCIPAL SUBSIDIARIES

CIMENTAS GROUP

BALANCE SHEET (in Euro thousands)

ASSETS

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) UNPAID SHARE CAPITAL		0		0
B) FIXED ASSETS				
I. Intangible assets				
1. Formation, start-up and similar costs		0		22
3. Other intangible assets		111		133
Total intangible fixed assets		111		155
II. Tangible fixed assets				
1. Land and buildings		53,269		52,385
2. Plant and machinery		55,131		55,848
3. Industrial and commercial equipment		226		234
4. Other fixed assets		4,157		3,812
5. Assets under devel. & pay. on account		1,294		98
Total tangible fixed assets		114,077		112,377
III. Financial				
1. Equity investments in:		61		55
other companies	61		55	
Total financial fixed assets		61		55
TOTAL B) FIXED ASSETS		114,249		112,587
C) CURRENT ASSETS				
I. Inventories				
1. Raw materials, supplies and con. stores		7,736		5,922
2. Semi-finished products		2,549		4,035
3. Finished products and goods		553		968
4. Payments on account		96		94
Total inventory		10,934		11,019
II. Receivables				
1. Trade receivables		14,080		10,249
2. Parent companies		955		2,067
4 Bis. Tax receivables		542		275
4 Ter. Deferred tax assets		1,343		1,331
5. Others		574		679
Total Receivables		17,494		14,601
III. Current financial assets		1,706		0
Total current financial assets		1,706		0
IV. Cash and cash equivalent				
1. Bank and post office deposits		19,021		13,552
2. Cash and equivalent on hand		39		28
Total cash in banks and on hand		19,060		13,580
TOTAL C) CURRENT ASSETS		49,194		39,200
D) PREPAYMENTS AND ACC. INCOME		176		31
TOTAL ASSETS (A+B+C+D)		163,619		151,818

(1) All due within one year

CIMENTAS GROUP

BALANCE SHEET

(in Euro thousands)

LIABILITIES & EQUITY

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
A) NET EQUITY				
I. Share capital		17,155		17,780
II. Share premium reserve		26,260		23,908
III. Revaluation reserve		10,929		7,789
IV. Legal reserve		0		0
V. Reserve for treasury shares held		0		0
VI. Statutory reserve		0		0
VII. Other reserves		0		0
VIII. Retained earnings		85,821		86,099
IX. Net profit (loss) for the year		4,830		(1,145)
TOTAL A) GROUP NET EQUITY		144,995		134,431
Minority interest:				
I. Share capital, reserves and result carr. forward		1,920		1,554
II. Net profit (loss) for the year		228		152
TOTAL MINORITY INTEREST		2,148		1,706
TOTAL A) NET EQUITY		147,143		136,137
PROVISIONS FOR CON. AND CHARGES				
1. Taxation		128		24
2. Others		1,796		23
TOTAL B) PROVISIONS FOR CON.& CHARGES		1,924		47
C) EMPLOYEE LEAVING INDEMNITY		2,620		2,184
D) PAYABLES (1)				
1. Payables to banks		0		2,120
2. Payments on account		69		134
3. Trade payables		7,823		7,836
4. Due to parent companies		776		1,171
5. Tax authorities		2,027		1,480
6. Payables to pension And social security institutions		418		324
7. Other payables		699		367
TOTAL D) PAYABLES		11,812		13,432
E) ACCRUALS AND DEFERRED INCOME		120		18
TOTAL LIAB. & EQUITY (A+B+C+D+E)		163,619		151,818

(1) All due within one year

CIMENTAS GROUP

INCOME STATEMENT

(in Euro thousands)

	31.12.2004		31.12.2003	
	Sub-total	Total	Sub-total	Total
VALUE OF PRODUCTION				
1. Revenues from sales and services		122,089		95,888
2. Changes in inventory of products in course of production and works in progress		(2,398)		(708)
3. Changes in work in progress on orders		0		0
4. Increase in work capitalised under fixed assets		216		91
5. Other revenues		241		172
TOTAL A) VALUE OF PRODUCTION		120,148		95,443
B) COSTS OF PRODUCTION				
6. Raw materials, consumables and supplies		(59,843)		(51,448)
7. Services		(22,593)		(18,923)
8. Rents, leases and similar costs		(362)		(216)
9. Personnel costs		(11,442)		(8,769)
a) salaries and wages	(8,492)		(6,514)	
b) social security costs	(1,534)		(1,194)	
c) employee leaving indemnity	(635)		(548)	
d) other costs	(781)		(513)	
10. Amortisation, depreciation and write-downs		(13,907)		(10,772)
a) amortisation of intangible fixed assets	(94)		(79)	
b) depreciation of tangible fixed assets	(13,756)		(10,685)	
c) write-downs in current assets	(57)		(8)	
11. Change in inventory of raw materials ancillary and consumables		1,228		(711)
12. Provision for liabilities		0		(17)
13. Other provisions		0		0
14. Other operating costs		(653)		(955)
TOTAL COSTS OF PRODUCTION		(107,572)		(91,811)
Difference between value and cost of production (A-B)		12,576		3,632
FINANCIAL INCOME AND CHARGES				
15. Income from investments		0		0
16. Other financial income		1,844		1,418
17. Financial interest and charges		(2,771)		(1,877)
17 bis. Exchange gains and losses		934		626
FINANCIAL INCOME AND CHARGES		7		167
D) ADJUSTMENT TO FINANCIAL ASSET VALUES				
18. Re-valuations		0		0
19. Write-downs		0		0
TOTAL D) ADJUSTMENTS TO FINANCIAL ASSET VALUES		0		0
EXTRAORDINARY INCOME AND CHARGES				
20. Income		365		807
21. Charges		(2,159)		(2,228)
EXTRAORDINARY INCOME AND CHARGES		(1,794)		(2,421)
PRE-TAX RESULT		10,789		1,378
22. Income tax		(5,731)		(2,371)
a) current income tax	(5,486)		(2,734)	
b) deferred tax charge	(513)		(91)	
c) deferred tax income	268		454	
RESULT INCLUDING MINORITY SHARE		5,058		(993)
Minority interest (profit) loss		(228)		(152)
GROUP NET RESULT		4,830		(1,145)

AALBORG PORTLAND GROUP

BALANCE SHEET (in Euro thousands)

ASSETS

	31.12.2004	
	Sub-total	Total
A) UNPAID SHARE CAPITAL		0
B) FIXED ASSETS		
I. Intangible assets		
1. Concessions, licences and brands		1,997
2. Other intangible assets		877
3. Assets in progress and payments on account		175
4. Consolidation difference		6,372
Total intangible fixed assets		9,421
II. Tangible fixed assets		
1. Land and buildings		68,899
2. Plant and machinery		168,799
3. Other fixed assets		785
4. Assets under devel. and payments on account		3,557
Total tangible fixed assets		242,040
III. Financial		
1. Equity investments in:		67,746
a) subsidiary companies	56,529	
b) associated companies	11,217	
2. Receivables:		
Others		291
3. Other securities		0
4. Treasury shares		0
Total financial fixed assets		68,037
TOTAL B) FIXED ASSETS		319,498
C) CURRENT ASSETS		
I. Inventories		
1. Raw materials, supplies and con. stores		20,412
2. Semi-finished products		5,689
3. Finished products and goods		5,680
4. Payments on account		1,431
Total inventory		33,212
II. Receivables		
1. Trade receivables		18,563
a) due within one year	15,700	
b) due beyond one year	2,863	
2. Associated companies (1)		2,377
4 Bis. Tax receivables (1)		2,825
4 Ter. Deferred tax asset (1)		733
5. Others (1)		4,850
Total Receivables		29,348
III. Current financial assets		0
Total current financial assets		0
IV. Cash and cash equivalent		
1. Bank and post office deposits		18,936
2. Cash and equivalent on hand		93
Total cash in banks and on hand		19,029
TOTAL C) CURRENT ASSETS		81,589
D) PREPAYMENTS AND ACC. INCOME		1,702
TOTAL ASSETS (A+B+C+D)		402,789

(1) All due within one year

AALBORG PORTLAND GROUP

BALANCE SHEET

(in Euro thousands)

LIABILITIES & EQUITY

	31.12.2004	
	Sub-total	Total
A) NET EQUITY		
I. Share capital		40,329
II. Share premium reserve		0
III. Revaluation reserve		0
IV. Legal reserve		0
V. Reserve for treasury shares held		0
VI. Payment for share capital increase		3,548
VII. Other reserves		107,970
VIII. Retained earnings (accumulated losses)		0
IX. Profit November – December 2004		2,490
TOTAL A) GROUP NET EQUITY		154,337
Minority interest:		
I. Share capital, reserves and result carried forward		13,618
II. Net profit (loss) for the year		(251)
TOTAL MINORITY INTEREST		13,367
TOTAL A) NET EQUITY		167,704
PROVISIONS FOR CON. AND CHARGES		
1. Taxes		24,140
2. Other provisions		2,237
TOTAL B) PROVISIONS FOR CON. & CHARGES		26,377
C) EMPLOYEE LEAVING INDEMNITY		0
D) PAYABLES		
1. Payables to banks		139,005
a) due within one year	100,240	
b) due beyond one year	38,765	
2. Payments on account		95
3. Shareholders for loans (1)		5,287
4. Trade payables (1)		28,405
5. Associated companies (1)		60
6. Parent companies (1)		30,690
7. Tax payables (1)		3,909
8. Payables to social security institutions (1)		222
9. Other payables (1)		123
TOTAL D) PAYABLES		207,796
E) ACCRUALS AND DEFERRED INCOME		912
TOTAL LIAB. & EQUITY (A+B+C+D+E)		402,789

(1) All due within one year

AALBORG PORTLAND GROUP

INCOME STATEMENT

(in Euro thousands)

	November – December 2004	
	Sub-total	Total
VALUE OF PRODUCTION		
1. Revenues from sales and services		34,490
2. Changes in inventory of products in course of Production, semi finished and finished		4,886
3. Changes in work in progress on orders		0
4. Increase in work capitalised under fixed assets		167
5. Other revenues		2,060
TOTAL A) VALUE OF PRODUCTION		41,603
B) COSTS OF PRODUCTION		
6. Raw materials, consumables and supplies		(10,021)
7. Services		(10,501)
8. Rents, leases and similar costs		(603)
9. Personnel costs		(6,405)
a) salaries and wages	(5,990)	
b) social security costs	(34)	
c) other costs	(381)	
10. Amortisation, depreciation and write-down		(3,896)
a) amortisation of intangible fixed assets	(279)	
b) depreciation of tangible fixed assets	(3,617)	
11. Change in inventory of raw materials ancillary and consumables		(3,998)
12. Provision for liabilities		(7)
13. Other provisions		0
14. Other operating costs		(778)
TOTAL COSTS OF PRODUCTION		(36,209)
Difference between the value and cost of production (A-B)		5,394
FINANCIAL INCOME AND CHARGES		
15. Income from equity investments		633
16. Other financial income		162
17. Financial interest and charges		(1,791)
17 bis. Exchange gains and losses		(520)
FINANCIAL INCOME AND CHARGES		(1,516)
D) ADJUSTMENT TO FINANCIAL ASSET VALUES		
18. Re-valuations		334
19. Write-downs		0
TOTAL D) ADJUSTMENT OF FINANCIAL ASSET VALUES		334
EXTRAORDINARY INCOME AND CHARGES		
20. Income		0
21. Charges		0
EXTRAORDINARY INCOME AND CHARGES		0
PRE-TAX RESULT		4,212
22. Income tax		(1,973)
a) current income taxes	(992)	
b) deferred tax charge	(1,736)	
c) deferred tax income	755	
RESULT FOR THE YEAR INCLUDING MINORITY INTERESTS		2,239
Minority interest (profit) loss		251
GROUP NET RESULT		2,490

UNICON GROUP

BALANCE SHEET

(in Euro thousands)

ASSETS

	31.12.2004	
	Sub-total	Total
A) UNPAID SHARE CAPITAL		0
B) FIXED ASSETS		
I. Intangible assets		
1. Formation, start-up and similar costs		59
2. Consolidation difference		29,972
Total intangible fixed assets		30,031
II. Tangible fixed assets		
1. Land and buildings		20,064
2. Plant and machinery		46,692
3. Other fixed assets		6,344
4. Assets under development and payments on account		915
Total tangible fixed assets		74,015
III. Financial fixed assets		
1. Equity investments in:		6,436
a) associated companies	6,436	
2. Receivables		0
3. Other securities		73
4. Treasury shares		0
Total financial fixed assets		6,509
TOTAL B) FIXED ASSETS		110,555
C) CURRENT ASSETS		
I. Inventories		
1. Raw materials, supplies and consumable stores		3,157
2. Finished products and goods		2,229
Total inventory		5,386
II. Receivables		
1. Trade receivables		33,425
4 Bis. Tax receivables		34
4 Ter. Deferred tax assets		22,694
5. Others		1,933
Total Receivables		58,086
III. Current financial assets		0
Total current financial assets		0
IV. Cash and cash equivalent		
1. Bank and post office deposits		15,307
2. Cash and equivalent on hand		40
Total cash in banks and on hand		15,347
TOTAL C) CURRENT ASSETS		78,819
D) PREPAYMENTS AND ACC. INCOME		0
TOTAL ASSETS (A+B+C+D)		189,374

(1) All due within one year

UNICON GROUP

BALANCE SHEET

(in Euro thousands)

LIABILITIES & EQUITY

	31.12.2004	
	Sub-total	Total
A) NET EQUITY		
I. Share capital		20,165
II. Share premium reserve		5,781
III. Revaluation reserve		705
IV. Legal reserve		0
V. Reserve for treasury shares held		0
VI. Statutory reserve		0
VII. Other reserves		29,617
VIII. Retained earnings (accumulated losses)		0
IX. Profit November – December 2004		336
TOTAL A) GROUP NET EQUITY		56,604
Minority interest:		
I. Share capital, reserves and retained earnings		7,890
II. Net profit (loss) for the period		167
TOTAL MINORITY INTEREST		8,057
TOTAL A) NET EQUITY		64,661
PROVISIONS FOR CON. AND CHARGES		
1. Taxes		7,916
2. Other provisions		8,162
TOTAL B) PROVISIONS FOR CON. & CHARGES		16,078
C) EMPLOYEE LEAVING INDEMNITY		0
D) PAYABLES		
1. Payables to banks		77,031
a) due within one year	65,084	
b) due beyond one year	11,947	
2. Advances (1)		44
3. Parent companies (1)		35
4. Trade payables (1)		19,895
5. Tax payables (1)		3,635
6. Other payables (1)		7,995
TOTAL D) PAYABLES		108,635
E) ACCRUALS AND DEFERRED INCOME		0
TOTAL LIAB. & EQUITY (A+B+C+D+E)		189,374

(1) All due within one year

UNICON GROUP

INCOME STATEMENT

(in Euro thousands)

	November – December 2004	
	Sub-total	Total
VALUE OF PRODUCTION		
1. Revenues from sales and services		37,301
2. Changes in inventory of products in course of production and works in progress		0
3. Changes in work in progress on orders		0
4. Increase in work capitalised under fixed assets		0
5. Other revenues		181
TOTAL A) VALUE OF PRODUCTION		37,482
B) COSTS OF PRODUCTION		
6. Raw materials, consumables and supplies		(15,216)
7. Services		(9,678)
8. Rents, leases and similar costs		(265)
9. Personnel costs		(7,073)
a) salaries and wages	(5,450)	
b) social security costs	(679)	
c) other costs	(944)	
10. Amortisation, depreciation and write-down		(3,005)
a) amortisation of intangible fixed assets	(156)	
b) depreciation of tangible fixed assets	(2,050)	
c) write-downs in current assets	(799)	
11. Change in raw materials, ancillary and consumables		15
12. Provision for risks		(139)
13. Other provisions		(355)
14. Other operating costs		(715)
TOTAL COSTS OF PRODUCTION		(36,431)
Difference between value and cost of production (A-B)		1,051
FINANCIAL INCOME AND CHARGES		
16. Other financial income		75
17. Financial interest and charges		(586)
FINANCIAL INCOME AND CHARGES		(511)
D) ADJUSTMENT OF FINANCIAL ASSET VALUES		
18. Re-valuations		343
19. Write-downs		0
TOTALE D) ADJ. TO FINANCIAL ASSET VALUES		343
EXTRAORDINARY INCOME AND CHARGES		
20. Income		0
21. Charges		0
EXTRAORDINARY INCOME AND CHARGES		0
PRE-TAX RESULT		883
22. Income tax		(380)
a) current income taxes	(10)	
b) deferred tax charge	(514)	
c) deferred tax income	144	
RESULT INCLUDING MINORITY SHARE		503
Minority interest (profit) loss		(167)
GROUP NET RESULT		336

Calcestruzzi Picciolini S.p.A.

BALANCE SHEET

(amounts in Euro)

ASSETS

	31.10.2004		31.10.2003	
	Sub-total	Total	Sub-total	Total
A) UNPAID SHARE CAPITAL		0		0
B) FIXED ASSETS				
I. Intangible assets				
1. Goodwill		28,405		56,811
2. Utilisation rights		1,136		1,704
Total intangible fixed assets		29,541		58,515
II. Tangible fixed assets				
1. Land and buildings		242,620		259,573
2. Plant and machinery		184,374		232,191
3. Industrial and commercial equipment		18,454		29,633
4. Other fixed assets		19,609		34,202
5. Assets under development and payments on account		347,293		347,293
Total tangible fixed assets		812,350		902,892
III. Financial				
1. Equity investments in:		1,218,873		6,517
a) associated companies	1,218,873		6,517	
2. Receivables: (1)		545,820		23,016
a) from others	8,227		23,016	
b) subsidiaries	537,593		0	
Total financial fixed assets		1,764,693		29,533
TOTAL B) FIXED ASSETS		2,606,584		990,940
C) CURRENT ASSETS				
I. Inventories				
1. Raw materials, supplies and consumable stores		101,186		79,624
2. Fuel and lubricants		9,974		10,918
Total inventory		111,160		90,542
II. Receivables				
1. Trade receivables		1,822,939		2,287,342
2. From associated companies		888,574		1,382,673
4 bis Tax receivables		2,579		6,422
4 ter Deferred tax asset		344,037		211,818
5. Others		9,180		12,208
Total Receivables		3,067,309		3,900,463
III. Current financial assets				
Total current financial assets		0		0
IV. Cash and cash equivalent				
1. Bank and post office deposits		694,206		462,047
2. Cash and equivalent on hand		71,383		58,534
Total cash in banks and on hand		765,589		520,581
TOTAL C) CURRENT ASSETS		3,944,058		4,511,586
D) PREPAYMENTS AND ACC. INCOME		12,686		10,218
TOTAL ASSETS (A+B+C+D)		6,563,328		5,512,744

(1) All due within one year

Calcestruzzi Picciolini S.p.A.

BALANCE SHEET

(amounts in Euro)

LIABILITIES & EQUITY

	31.10.2004		31.10.2003	
	Sub-total	Total	Sub-total	Total
A) NET EQUITY				
I. Share capital		104,000		104,000
II. Share premium reserve		0		0
III. Revaluation reserve		0		0
IV. Legal reserve		20,800		20,800
V. Reserve for treasury shares held		0		0
VI. Statutory reserve		0		0
VII. Other reserves		65,679		65,679
VIII. Retained earnings		411,451		854,378
IX. Profit (loss) for the year		780,519		(442,927)
TOTAL A) NET EQUITY		1,382,449		601,930
PROVISIONS FOR CONTINGENCIES AND CHARGES		0		0
C) EMPLOYEE LEAVING INDEMNITY		164,546		147,163
D) PAYABLES (1)				
1. Payables to banks		0		96.349
2. Trade payables		761,614		810.631
3. Subsidiaries		3,716,803		3.655.506
4. Associated companies		0		79.399
5. Tax authorities		5,282		4.511
6. Payables to pension and security institutions		20,785		19.783
7. Other payables		504,827		91.267
TOTAL D) PAYABLES		5,009,311		4,757,446
E) ACCRUALS AND DEFERRED INCOME		7,022		6,205
Accrued liabilities	7,022		6.205	
TOTAL LIAB. & EQUITY (A+B+C+D+E)		6,563,328		5,512,744

(1) All due within one year

Calcestruzzi Picciolini S.p.A.

INCOME STATEMENT

(amounts in Euro)

	01/11/2003 - 31/10/2004		01/11/2002 - 31/10/2003	
	Sub-total	Total	Sub-total	Total
VALUE OF PRODUCTION				
1. Revenues from sales and services		3,241,644		3,520,328
2. Changes in inventory of products in course of prod., semi finished and finished		0		0
3. Changes in work in progress on orders		0		0
4. Increase in work capitalised under fixed assets		0		0
5. Miscellaneous		9,158		4,814
TOTAL A) VALUE OF PRODUCTION		3,250,802		3,525,142
B) COSTS OF PRODUCTION				
6. Raw materials, consumables and supplies		(1,840,505)		(2,037,891)
7. Services		(701,932)		(722,518)
8. Rents, leases and similar costs		(35,168)		(32,122)
9. Personnel costs		(461,133)		(451,617)
a) salaries and wages	(309,600)		(304,193)	
b) social security contributions	(128,253)		(123,948)	
c) employee leaving indemnity	(22,307)		(21,925)	
d) other costs	(973)		(1,551)	
10. Amortisation, depreciation and write-down		(243,544)		(145,227)
a) amortisation of intangible fixed assets	(28,973)		(34,138)	
b) depreciation of tangible fixed assets	(93,671)		(98,389)	
c) write-down in current assets	(120,900)		(12,700)	
11. Change in inventory of raw materials, ancillary and consumables		20,618		(13,538)
12. Provision for liabilities		0		0
13. Other provisions		0		0
14. Other operating costs		(38,273)		(40,139)
TOTAL COSTS OF PRODUCTION		(3,299,937)		(3,443,052)
Difference between value and cost of production (A-B)		(49,135)		82,090
FINANCIAL INCOME AND CHARGES				
15. Income from equity investments:		0		0
16. Other financial income		12,448		7,931
a) financial income from non-current securities not consisting of equity investments	833		2,031	
b) other income than above	11,615		5,900	
17. Financial interest and charges		(11,737)		(14,053)
a) banks and financial institutions	(11,737)		(14,053)	
FINANCIAL INCOME AND CHARGES		711		(6,122)
D) ADJUSTMENT OF FINANCIAL ASSETS				
18. Re-valuations		0		0
19. Write-downs		(496,522)		(723,949)
TOTAL D) ADJUSTMENT TO FINANCIAL ASSETS		(496,522)		(723,949)
EXTRAORDINARY INCOME AND CHARGES				
20. Income		1,215,772		17,216
a) gains on disposals	0		17,216	
b) over-accruals and similar in previous years	1,215,772		0	
21. Charges		(328)		(3,999)
a) losses on disposals	0		(1,377)	
b) under accruals and similar in previous years	(328)		(2,622)	
EXTRAORDINARY INCOME AND CHARGES		1,215,444		13,217
PRE-TAX RESULT		670,498		(634,764)
22. Income tax		110,021		191,837
a) current income taxes	(22,198)		(19,981)	
b) deferred tax income	132,219		211,818	
23. Net profit (loss) for the year		780,519		(442,927)