Ciments Français
Italcementi Group

Press release

The Board of Directors examines results as of June 30, 2008

CIMENTS FRANÇAIS

Pursuant to IFRS 5, items presented below do not include data from operations currently being disposed of (Turkey)

- **CONSOLIDATED REVENUES**: 2,279 million euros (+3.3%)
- **RECURRING EBITDA**: 521 million euros (-11.0%)
- **EBIT**: 366 million euros (-14.5%)
- **NET PROFIT FROM CONTINUING OPERATIONS**: 237 million euros (-14.2%)
- **NET PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**: 181 million euros (-20.1%)
- **INVESTMENTS**: 305 million euros

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Paris, August 1, 2008 *- At a meeting on July 31, 2008 chaired by Yves René Nanot, the Board of Directors of Ciments Français (Italcementi Group), examined and approved the consolidated accounts as of June 30, 2008.*

During the first six months of the year, the construction sector was affected by the residential slowdown in almost all mature countries, the crisis of the international financial markets and the increase in energy cost. These elements, combined with an unusually low month of June, resulted in a decrease in operating results much lower than expected at the beginning of the year.
Against such a backdrop, the Group reported a slowdown in sales volumes on the mature markets - with the exception of France - offset by the sound activity in most emerging countries.
In the first half of 2008, the Group reported stable cement sales volumes with 24.1 million tonnes (+0.9%), higher ready-mixed concrete sales volumes with 6.1 million cubic meters (+5.7%) and a decrease in aggregates with 25.0 million tonnes (-4.4%). At comparable consolidation scope, volumes sold by the Group in all three businesses decreased compared with the first half of 2007: cement (-2.3%), aggregates (-4.5%) and ready-mixed concrete (-1.4%).
Revenues *for the six-month period added up to 2,279 million euros, up 3.3% (4.8% at comparable consolidation scope and exchange rates) compared with the first half of 2007. This increase resulted from a positive price trend, mainly in cement - with the exception of the North-American market - and from the impact of the new acquisitions, despite a negative translation effect.*
Recurring EBITDA *for the period at 521 million euros reported a 11.0% decrease against 2007, the sales price uptrend failing to offset the drop in volumes, the sharp increase in energy and raw materials costs and a negative translation effect.*
EBIT *dropped by 14.5% compared with the first half of 2007 at 366 million euros, after recognition of depreciations.*

***Net profit from continuing operations** decreased by 14.2% at 237 million euros with the share attributable to equity holders of the parent amounting to 181 million euros (-20.1%), while the share attributable to minorities (essentially Egypt and Morocco) grew by 12.5% at 56 million euros.*

*Total **investments in industrial and financial fixed assets** realized over the first six-month period amounted to 305 million euros. Significantly higher capital expenditure (249 million euros against 148 million euros in 2007) will enable the Group to strengthen production tool efficiency and increase capacities in emerging countries. Financial investments for 55 million euros related to the continuation of vertical integration in North America and Kuwait.*

***Net financial debt** totaled 1,692 million euros as of June 30, 2008, up 178 million euros on December 31, 2007, after recognition of the 50 million euros installment received as part of the project to dispose of the Turkish operations.*

*Total **equity** amounted to 3,466 million euros against 3,674 million euros at the end of December 2007, considering negative translation adjustments for 212 million euros.*

*Because of higher net financial debt and lower equity, the **debt to equity ratio** (net financial debt/equity) stood at 48.8% against 41.2% as of December 31, 2007.*

Outlook

The downward trend of the world economy recorded in the first half should probably continue with impacts on construction markets, confronted with a strong volatility in finance and energy markets.

Against such a backdrop, the Group sped up the implementation of programs aiming at, firstly reducing the negative impact of the energy and variable costs' increase through a dynamic commercial policy and, secondly at stabilizing the level of fixed costs.

Thanks to these efforts and to a less unfavorable volume effect expected in the second half of the year, operating results for the second six-month period should reach a level comparable to those of last year.

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*The results for the first half-year of 2008 of Italcementi and Ciments Français will be illustrated during a **Conference Call on Friday, August 1, 2008** at **3:30** p.m. The presentation will be broadcast in web streaming on the italcementigroup.com and cimfra.com websites*

SECOND QUARTER OF 2008

During the second quarter, sales volumes, penalized by a bad month of June, were down in cement and aggregates and stable in ready-mixed concrete.
In the cement & clinker sector, as in the first quarter, the decrease in sales volumes mainly related to the markets of the mature countries (Spain, Greece and North America in particular). Emerging countries business activity was characterized by rising sales on all domestic markets (mostly India, Morocco and Bulgaria), with the exception of Kazakhstan, where further to the suspension of operating permits by local authorities in December 2007, operations resumed only in April.
In the aggregates sector, on a comparable consolidation scope, sales volumes were penalized by the significantly falling demand in Spain, whereas in ready-mixed concrete, they increased slightly thanks to the sound activity in emerging countries. Revenues for the second quarter were up 2.5% at 1,228.7 million euros thanks to the good trend in sales prices. EBITDA amounted to 287.6 million euros, a 19.7% decrease due to rising operating costs, in particular energy and raw materials, and a negative translation effect.

Quarterly trend	Q2 2008	Q2 2007	% change	Q1 2008	Q1 2007	% change
Revenues	1,228.7	1,198.1	2.5	1,050.0	1,008.1	4.2
Recurring EBITDA	*286.8*	358.0	-19.9	234.4	227.8	2.9
% revenues	*23.3*	*29.9*		*22.3*	*22.6*	
EBITDA *	*287.6*	358.2	-19.7	238.5	228.5	4.5
% revenues	*23.4*	*29.9*		*22.7*	*22.6*	
EBIT	*207.4*	278.0	-25.4	158.6	149.9	5.8
% revenues	*20.6*	*23.2*		*15.1*	*14.9*	
Group net profit	*114.4*	164.9	-30.6	67.1	62.4	6.4
% revenues	*9.3*	*13.8*		*6.4*	*6.2*	
Net financial debt (end of period)	**1,691.7**	**1,552.2**		**1,478.7**	**1,352.3**	

* Compared with recurring EBITDA, other operating income (expense) of non-recurring nature included.

BUSINESS TREND FOR THE FIRST HALF

In the cement & clinker sector, the decrease in sales volumes mainly related to mature countries, in particular Spain and North America. On the other hand, emerging countries reported a growth of domestic sales (particularly Egypt, Morocco and India), which resulted in a decline in volumes available for exports and trading.
In Asia, Group sales were penalized by the situation in Kazakhstan (operations resumed in April).
In the aggregates sector, on a comparable scope, sales volumes dropped, due to the significant slackening in activity in Spain, despite a stable French market and an uptrend in the other countries, namely Belgium, Greece and Morocco.
As for ready-mixed concrete, on a comparable scope, the decrease reported in Western Europe (due to sharp declines in Spain and Greece) resulted in a drop in Group total sales, despite the growth in Egypt and Morocco.

Sales and international transfers (1)	Cement & clinker (millions of tonnes)			Aggregates (millions of tonnes)			Ready-mixed concrete (millions of m^3)		
	H1 2008	Var. % vs. H1 2007		H1 2008	Var. % vs. H1 2007		H1 2008	Var. % vs. H1 2007	
		A	B		A	B		A	B
Western Europe	6.2	-3.0	-3.0	23.0	-5.6	-5.6	4.0	-6.5	-6.3
North America	2.5	-13.7	-13.7	0.2	+42.6	+22.0	0.4	+40.7	-3.1
Eastern Europe & Southern Med rim	8.8	-0.4	-0.4	1.4	+8.2	+8.2	1.3	+62.1	+21.3
Asia	5.5	+7.5	-4.0	0.4	+17.2	+17.2	0.4	-6.3	-6.3
Cement/clinker trading	2.7	-8.2	-15.4						
Others and eliminations	(1.6)								
Total	**24.1**	**+0.9**	**-2.3**	**25.0**	**-4.4**	**-4.5**	**6.1**	**+5.7**	**-1.4**

Western Europe: France, Belgium, Spain, Greece
North America: U.S.A., Canada, Puerto Rico
Eastern Europe & Southern Med Rim: Egypt, Morocco, Bulgaria
Asia: Thailand, India, China, Kazakhstan
Others: Fuel trading, headquarters and holding companies.
(1) Amounts given relate to fully consolidated companies and companies consolidated using the equity method up to Group share; A : on a historical basis – B : on a comparable consolidation scope
NB: Pursuant to IFRS 5, data has been restated, taking account of the discontinuation of Turkish operations.

WESTERN EUROPE (France, Belgium, Spain, Greece)

In **France**, despite a slackening in the second quarter, the overall period benefited from the uptrend in the cement market thanks to the sound activity of the construction sector. Group domestic cement sales volumes receded, penalized in particular by strikes in February and by the saturation of the industrial setup in the first quarter. Revenues increased, price rises widely compensating for declining volumes. On the other hand, higher operating costs, more particularly energy, raw materials and transports, together with the extra costs related to the purchases of clinker outside the Group, resulted in a drop in operating results.
In the construction materials businesses, sales volumes were stable. The positive trend in sales prices enabled a significant increase in operating results.

In **Belgium**, in the first half, Group sales volumes (cement & clinker and ready-mixed concrete) were steady.
Aggregates sales volumes grew significantly, favored by a sustained level of business activity.
Revenues increased due to the price rise in all three businesses. Operating results declined, overall growing sales prices having failed to offset the rise in fuels and raw materials costs.

In **Spain**, Group cement and construction materials sales volumes decreased, penalized by the weakness of the construction market, which has further deepened since the second half of 2007, particularly in the residential sector south of the country and by the postponement of public works in the north.
The volumes effect resulted in a decrease in operating results which nonetheless benefited from the drop in operating costs due to less significant purchases of cement and clinker, thanks to the production of the new Malaga line.

In **Greece**, because of the decreasing activity in the residential sector, Group sales volumes on the domestic market were down despite strongly growing exports. As for construction materials, aggregates sales volumes increased despite rather unfavorable market conditions and rising sales prices. Ready-mixed concrete sales declined due to the weakness of the residential sector worsened by successive strikes in providers and transport companies in the first half of 2008.
Overall, operating results were down, sales prices increases failing to fully offset the negative volume effect and the rise in fuels and electricity costs.

NORTH AMERICA (USA, Canada, Puerto Rico)

In an ever unfavorable economic environment for the construction sector, the first half of 2008 was characterized by a slackening in business activity compared with 2007, the uptrend in the public works sector failing to offset the decline in both residential and non residential private sectors. Group cement and clinker sales dropped. Sales volumes increased significantly in the ready-mixed concrete sector thanks to the new acquisitions made in 2007 (Cambridge and Arrow) and in 2008 (Crider and Shockey).
Operating results dropped sharply in all business activities, penalized by the decrease in cement sales volumes and the rise in some operating costs.

EASTERN EUROPE AND SOUTHERN MED RIM (Egypt, Morocco, Bulgaria)

In **Egypt**, the first six months were characterized by a strong growth of cement demand. The increase in Group sales volumes was lower than that of the market because of the saturation of production capacities.
The ready-mixed concrete sector benefited from the sustained activity of the recently acquired companies.
In all business activities, the positive trend in both sales prices and volumes enabled a significant rise in operating results despite higher variable costs and a substantial negative translation effect.

In **Morocco**, the domestic cement market increased thanks to the still very sustained activity of the construction sector.
Group cement sales volumes reported a more limited increase due to the saturation of production capacities.
Revenues increased in all three core businesses with higher sales prices.

Operating results dropped significantly penalized by the sharp increase in fuel prices and higher clinker purchases outside the Group.

In **Bulgaria**, in an ever favorable environment, Group sales volumes increased, supported by a very brisk residential sector and the multiplication of infrastructure projects since Bulgaria entered the European Union on January 1, 2008.
Operating results increased, the positive volume and price effects widely offsetting the rise in energy costs.

ASIA (Thailand, India, China, Kazakhstan)

In **Thailand**, where the political situation remained unstable, cement demand on the domestic market was still in a downward trend. Against this backdrop, Group cement sales volumes increased moderately, higher exports realized with more limited margins offsetting the decline on the domestic market.
Overall, operating results reported a decrease, penalized by rising operating costs and a negative translation effect.

In **India**, both the economy and the construction sector were still on an upward trend. Group domestic cement sales volumes increased accompanied by a sound price trend.
Operating results rose, although penalized by the sharp increase in energy and raw materials prices.

In **China**, Group domestic cement & clinker sales volumes were penalized by bad weather conditions in the first quarter. Despite a business recovery in the second quarter, operating results reported a loss.

In **Kazakhstan**, in a significantly decreasing market, the interruption of operations decided in December 2007 by local authorities, following problems related to the suspension of operating permits, froze business activity in the first quarter of 2008. An agreement reached with administrative authorities enabled operations to resume in April.

CEMENT/CLINKER TRADING

Trading activities depend on availability constraints. The strong growth of Med Rim domestic markets reduced cement and clinker volumes available for exports.
Operating results strongly increased due to the improvement in margins and the consolidation scope effect (purchase of a new cement terminal in Kuwait in the third quarter of 2007) which widely offset the decline in volumes and the negative translation impact.

FIRST HALF ECONOMIC TREND BY GEOGRAPHIC AREA

(in millions of euros)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	H1 2008	**% change vs. H1 2007**	**H1 2008**	**% change vs. H1 2007**	**H1 2008**	**% change vs. H1 2007**	**H1 2008**	**% change vs. H1 2007**
Western Europe	**1,121.5**	0.0	**245.1**	-10.3	248.0	-9.4	184.1	-12.7
North America	**228.2**	-20.3	**22.7**	-55.6	23.6	-53.9	1.0	-96.6
Eastern Europe & Southern Med Rim	**548.2**	16.6	**196.9**	0.6	197.6	0.7	147.0	1.5
Asia	**215.2**	0.8	**56.3**	-11.2	56.6	-10.3	36.1	-17.8
Trading	**165.5**	-0.7	**13.4**	41.6	13.4	41.7	11.9	36.8
Others and eliminations	**-**		**-13.2**	n.s.	-13.1	n.s.	-14.1	n.s.
Total	**2,278.7**	**3.3**	**521.2**	**-11.0**	**526.1**	**-10.3**	**366.0**	**-14.5**

Western Europe: France, Belgium, Spain, Greece
North America: U.S.A., Canada, Puerto Rico
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Asia: Thailand, India, China, Kazakhstan
Others: Fuel trading, headquarters and holding companies.
n.s.: not significant
NB: Pursuant to IFRS 5, data has been restated, taking account of the discontinuation of Turkish operations.

During the first six-month period, Group **revenues** increased by 3.3% (4.8% at comparable consolidation scope and exchange rates) at 2,278.7 million euros against the first half of 2007. This growth resulted from a sound sales price trend mainly in the cement business - with the exception of the North-American market - the impact of the new acquisitions and despite a negative translation effect.

Recurring EBITDA for the six-month period stood at 521.2 million euros, a 11.0% decrease against 2007, the positive trend in sales prices failing to offset the drop in sales volumes and the strong increase in energy and raw materials costs and a negative translation effect.

EBIT was down 14.5% on H1 2007 at 366.0 million euros, after recognition of depreciations.

Net profit from continuing operations dropped by 14.2% at 237.4 million euros. The share attributable to equity holders of the parent added up to 181.5 million euros (-20.1%) whereas that attributable to minority interests (mainly Egypt and Morocco) increased by 12.5% at 56.0 million euros.

Total **industrial and equity investments** over the first six-month period added up to 304.9 million euros. Strongly increasing capital expenditure (248.7 million euros against 148.4 million euros in 2007) will enable the Group to strengthen production tool efficiency and increase capacities in emerging countries. Financial investments for 54.6 million euros related to the continuation of vertical integration in North America and Kuwait.

N**et financial debt** as of June 30, 2008 added up to 1,691.7 million euros, a 178.3 million euro increase on December 31, 2007 after recognition of the 50-million euro installment received as part of the project to dispose of the Turkish operations.

Total equity amounted to 3,466.5 million euros against 3,673.7 million euros at the end of December 2007, after recognition of negative translation exchange adjustments for 212.3 million euros.

Because of higher net financial debt and lower equity, **debt to equity ratio** (net financial debt/total equity) was 48.8% against 41.2% as of December 31, 2007.

OUTLOOK

The downward trend of the world economy recorded in the first half should probably continue with impacts on construction markets, confronted with a strong volatility in finance and energy markets.
Against such a backdrop, the Group sped up the implementation of programs aiming at, firstly reducing the negative impact of the energy and variable costs' increase through a dynamic commercial policy and, secondly at stabilizing the level of fixed costs.
Thanks to these efforts and to a less unfavorable volume effect expected in the second half of the year, operating results for the second six-month period should reach a level comparable to those of last year.

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Appendix

Ciments Français Group						
Income statement (in millions of euros)	**June 30, 2008**	**%**	**June 30, 2007**	**%**		**% change**
Revenues	**2,278.7**	100.0	**2,206.2**	100.0		3.3%
Other revenues	16.8		19.7			
Change in inventories	(5.4)		(1.5)			
Internal work capitalized	7.2		3.8			
Goods and utilities expense	(845.3)		(749.3)			
Service expense	(561.0)		(537.3)			
Employee expense	(306.5)		(305.3)			
Other operating income (expense)	(63.3)		(50.5)			
Recurring EBITDA	**521.2**	22.9%	**585.8**	26.6%		-11.0%
Other income	5.1		1.1			
Other expense	(0.2)		(0.4)			
EBITDA	**526.1**	23.1%	**586.5**	26.6%		-10.3%
Amortization and depreciation	(160.1)		(158.1)			
Impairment	-		(0.5)			
EBIT	**366.0**	16.1%	**427.9**	19.4%		-14.5%
Finance income	11.2		15.0			
Finance costs	(60.3)		(60.5)			
Gains (losses) on exchange rates and changes in fair value of derivatives	(4.3)		1.2			
Finance income (costs)	**(53.4)**		**(44.3)**			20.4%
Share of results of associates	12.5		4.1			
Profit before tax	**325.1**	14.3%	**387.7**	17.6%		-16.2%
Income tax expense	(87.7)		(110.8)			
Net profit from continuing operations	**237.4**	10.4%	**276.9**	12.6%		-14.2%
Profit (loss) from discontinued operations	(0.3)		12.6			
Net consolidated Group profit	**237.1**	10.4%	**289.5**	13.1%		-18.1%
Net profit from continuing operations - Group share	181.5		227.1			-20.1%
Net profit from continuing operations - Third parties' share	56.0		49.8			12.5%
Net profit (loss) from discontinued operations - Group share	(0.9)		11.9			
Net profit from discontinued operations - Third parties' share	0.5		0.7			

Financial position (in millions of euros)	**30 June 2008**	**31 December 2007**	**30 June 2007**
Net financial debt (including Turkey)	1,691.7	1,513.4	1,552.2
Total equity	3,466.5	3,673.7	3,640.2

CIMENTS FRANÇAIS GROUP			
CONSOLIDATED BALANCE SHEET (in millions of euros)	**06/30/2008**	**12/31/2007**	**% change**
Non-current assets			
Property, plant & equipment	3,018.7	3,261.1	
Investment property	6.4	7.8	
Goodwill	1,399.6	1,474.9	
Intangible assets	52.1	50.9	
Investments in associates	174.0	130.5	
Other investments	79.3	196.3	
Deferred tax assets	18.3	19.5	
Other non-current assets	64.8	63.7	
Non-current assets	**4,813.2**	**5,204.7**	**-7.5%**
Current assets			
Inventories	552.8	587.3	
Trade receivables	814.6	752.8	
Other current assets	225.2	213.7	
Income tax assets	49.7	18.2	
Investments and financial receivables	0.1	0.1	
Cash and cash equivalents	286.1	358.9	
Current assets	**1,928.5**	**1,931.0**	**-0.1%**
Other held-for-trade assets	327.8		
Total assets	**7,069.5**	**7,135.7**	**-0.9%**
Equity and liabilities			
Share capital	150.8	150.7	
Reserves	787.6	1,054.6	
Treasury shares	(126.1)	(95.0)	
Retained earnings	1,992.9	1,871.5	
Shareholders' equity	**2,805.3**	**2,981.8**	**-5.9%**
Minority interest	661.2	691.9	
Total equity	**3,466.5**	**3,673.7**	**-5.6%**
Non-current liabilities			
Interest-bearing loans and long-term borrowings	1,675.8	1,442.4	
Employee benefit liabilities	111.6	119.4	
Provisions	160.3	191.0	
Deferred tax liabilities	247.1	268.8	
Other non-current liabilities	65.3	45.9	
Total non-current liabilities	**2,260.1**	**2,067.5**	**+9.3%**
Current liabilities			
Bank overdrafts and short-term borrowings	198.5	204.8	
Interest-bearing loans and short-term borrowings	54.9	198.2	
Trade payables	534.3	529.8	
Provisions	2.9	3.1	
Income tax liabilities	45.7	37.8	
Other current liabilities	426.2	420.8	
Current liabilities	**1,262.5**	**1,394.5**	**-9.5%**
Liabilities related to held-for-trade assets	80.4		
Total liabilities	**3,603.0**	**3,462.0**	**+4.1%**
Total equity and liabilities	**7,069.5**	**7,135.7**	**-0.9%**