Half-Year Financial Report

HEIDELBERGCEMENT

January to June 2012

- **Strong operative development, based on growth in sales volumes in North America and Asia as well as successful price increases**
- **Revenue at €6.6 billion (+9.7% on previous year)**
- **Operating income before depreciation at €912 million (+0.8% on previous year)**
- **Cash flow from operating activities improved by €236 million to €71 million**
- **Net debt reduced by €456 million compared to second quarter of 2011**
- **"FOX 2013" savings programme ahead of schedule; new initiatives started to reduce logistic costs ("LEO") and improve cement margins ("PERFORM")**
- **Sustained growth expected in Asia-Pacific and Africa-Mediterranean Basin as well as continuing recovery in North America; weakening demand in parts of Europe**
- **Targets for 2012 confirmed: increase in revenue and operating income**

Overview January to June 2012	April - June		January - June	
€m	2011	**2012**	2011	**2012**
Revenue	3,394	**3,781**	5,996	**6,580**
Operating income before depreciation (OIBD)	651	**698**	904	**912**
in % of revenue	19.2%	**18.5%**	15.1%	**13.9%**
Operating income	441	**495**	501	**509**
Additional ordinary result	4	**-44**	2	**-54**
Result from participations	27	**17**	22	**16**
Earnings before interest and income taxes (EBIT)	472	**468**	526	**471**
Profit before tax	319	**318**	233	**174**
Net income from continuing operations	219	**235**	103	**87**
Net income / loss from discontinued operations	-10	**14**	-15	**6**
Profit for the period	208	**249**	88	**93**
Group share of profit	159	**184**	-1	**-20**
Investments	186	**169**	357	**332**

Due to rounding, numbers presented in the Half-Year Financial Report may not add up precisely to the totals provided.

Interim Group management report

Business trend January to June 2012

Economic environment

The global economy is continuing to grow, although the economic dynamics decreased noticeably in the second quarter. The economic development clearly differs from region to region: the national economies of Asia remain on a growth track, albeit at a somewhat weakened pace. The African countries south of the Sahara are continuing to record solid growth rates. In contrast, economic development in many European countries is heavily impaired by budgetary problems and the uncertainties resulting from the euro crisis. In the USA, economic recovery is continuing; however, it has lost momentum since the spring.

Cement sales volumes benefit from strong demand in North America and Asia

In the first half of the year, cement sales volumes benefited from the continued recovery of construction activity in North America as well as the persistently strong growth in demand in HeidelbergCement's markets in Asia. The growth in sales volumes in these Group areas more than compensated for the losses in some European markets, which were due to declining infrastructure expenditure. The Group's cement and clinker sales volumes rose by 4.1% to 42.7 million tonnes (previous year: 41.0). The largest contribution was made by the Asia-Pacific Group area, followed by North America and Eastern Europe-Central Asia. The sales volumes of the Africa-Mediterranean Basin Group area remained at the previous year's level; increases in quantities in Africa offset the decreases in sales volumes in Turkey.

In aggregates, the sales volumes in North America experienced further growth as a result of very positive development, but could not completely compensate for the volume losses in Europe and Australia. Group-wide deliveries of aggregates declined by 1.0% to 114.1 million tonnes (previous year: 115.2); adjusted for consolidation effects, the decrease amounted to 1.8%. Deliveries of ready-mixed concrete totalled 18.5 million cubic metres (previous year: 18.6) and were therefore just 0.5% below the previous year. Asphalt sales volumes fell by 11.0% to 3.7 million tonnes (previous year: 4.1).

Sales volumes	April - June			January - June		
	2011	2012	Change	2011	2012	Change
Cement and clinker (Mt)	23.7	**24.5**	3.5%	41.0	**42.7**	4.1%
Aggregates (Mt)	68.9	**67.1**	-2.6%	115.2	**114.1**	-1.0%
Asphalt (Mt)	2.5	**2.3**	-9.3%	4.1	**3.7**	-11.0%
Ready-mixed concrete (Mm^3)	10.2	**10.4**	1.6%	18.6	**18.5**	-0.5%

Development of revenue and results

On the basis of the increases in sales volumes, Group revenue rose considerably from January to June 2012, by 9.7%, to €6,580 million (previous year: 5,996). In particular, the Asia-Pacific and North America Group areas recorded double-digit growth rates. While moderate growth was achieved in the Africa-Mediterranean Basin and Eastern Europe-Central Asia Group areas, revenue in the Western and Northern Europe Group area declined slightly. This affected the Western European countries in particular. Positive exchange rate effects of €233 million occurred primarily in the North America, Asia-Pacific, and Western and Northern Europe Group areas. The effects from changes in the consolidation scope were insignificant.

The other operating income of €175 million (previous year: 149) include book profits of €22 million from the orderly commercialisation of a quarry in Canada whose stocks had been used up and which was no longer being used operationally. In the reporting period, material costs rose by 13.6% to €2,870 million (previous year: 2,527). As in the previous year, this is due to disproportionately strong growth of 12.5% in energy costs and the expansion of the trading activities of HC Trading. The increase of 10.4% in personnel costs to €1,147 million (previous year: 1,039) results from the usual wage and salary increases as well as the one-off effects of €38.3 million in the previous year in connection with the adjustment of the inflation index for the calculation of

defined benefit pension plans in the United Kingdom and exchange rate effects. The other operating expenses rose by 11.1% to €1,858 million (previous year: 1,673), because of higher freight and repair costs in particular.

Operating income before depreciation (OIBD) increased by 0.8% to €912 million (previous year: 904). Amortisation and depreciation of intangible assets and property, plant, and equipment remained almost constant at €402.6 million (previous year: 403.1). Operating income improved by 1.6% to €509 million (previous year: 501).

The additional ordinary result fell by €56 million to €-54 million (previous year: 2), primarily because of impairment of goodwill as well as property, plant, and equipment in Spain of €26 million as a technical reaction to the increased risk interest rate in Spain. The result from participations decreased by €6 million to €16 million (previous year: 22).

Financial result fell by €4 million to €-297 million (previous year: -293). The interest income/expenses decreased by €17 million, primarily as a result of the pre-financing of the €1 billion Eurobond repaid in January 2012, while the other financial result and foreign exchange gains increased by €13 million.

The profit before tax from continuing operations fell by €59 million to €174 million (previous year: 233). Expenses relating to taxes on income decreased by €43 million to €87 million (previous year: 130). The disproportionately strong change relates primarily to the release of provisions for taxes for previous years that were no longer required. The effective tax rate changed in comparison with the previous year, from 55.8% to 45.2%. As in the previous year, the figure was primarily characterised by non-capitalised deferred taxes on losses carried forward in North America. Net income from continuing operations amounts to €87 million (previous year: 103).

Overall, the profit for the period amounts to €93 million (previous year: 88). The profit attributable to non-controlling interests rose by €23 million to €113 million (previous year: 90). The Group share therefore amounts to €-20 million (previous year: -1).

Earnings per share – Group share of profit – in accordance with IAS 33 decreased to €-0.11 (previous year: -0.01).

The statement of comprehensive income and the derivation of the earnings per share are shown in detail in the Notes.

"FOX 2013" programme ahead of schedule – new initiatives "LEO" and "PERFORM" started

Already in the first half of 2012, the three-year programme for financial and operational excellence, "FOX 2013", led to an improvement in cash flow of €138 million. It is thus well ahead of schedule to generate total savings of €200 million in 2012.

To further improve operating margins, HeidelbergCement started two new initiatives: "LEO" and "PERFORM". "LEO" is a project for the reduction of logistic costs Group wide. The aim is to achieve €150 million in cost savings by the end of 2014 by implementing an integrated material flow management system across all three core business lines. The project "PERFORM" aims at margin improvements in cement in Europe and North America. In order to achieve this goal, internal pricing strategies will be optimised and the sales staff trained, accordingly.

Statement of cash flows

The cash flow from operating activities improved in the first half of 2012 by a total of €236 million to €71 million (previous year: -165). This is due, on one hand, to an increase in operating income before depreciation, taking non-cash items into account. On the other hand, further efforts in the area of working capital management led to a significant reduction of €95 million in the changes in working capital to €-353 million (previous year: -448). This was counteracted by an increase of €38 million in net interest payments to €364 million (previous year: 326). The cash outflow from income taxes remained approximately at the previous year's level, totalling €173 million (previous year: 174). Payments for provisions rose slightly by €4 million to €102 million (previous year: 98).

The cash outflow from investing activities was €17 million below the previous year's level, totalling €272 million (previous year: 289), and relates essentially to investments in property, plant, and equipment.

In the reporting period, the cash outflow from financing activities amounted to €384 million (previous year: inflow of 559), primarily in connection with proceeds from and repayment of bonds and loans. The proceeds from bond issuance and loans include the utilisation of credit lines and the issue of a Eurobond with an issue volume of €300 million. The repayment of bonds and loans is essentially characterised by the repayment of the bond of €1 billion that matured in January 2012. This item also includes the balance from the proceeds and payments for items with a high turnover rate, large amounts, and short terms from financing activities. Payments for dividends led to a cash outflow of €121 million (previous year: 96), with dividend payments to the shareholders of HeidelbergCement AG rising by €19 million to €66 million (previous year: 47).

Investments

Cash flow investments decreased by 7.1% in the first half of the year to €332 million (previous year: 357). Investments in property, plant, and equipment, including intangible assets, which primarily related to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for €325 million (previous year: 336) of this total. Investments in financial assets and other business units decreased to €7 million (previous year: 21); these primarily related to smaller acquisitions to round off shareholdings.

Balance sheet

The balance sheet total grew by €258 million to €29,278 million (previous year: 29,020) as at 30 June 2012.

The long-term assets rose by €395 million to €23,790 million (previous year: 23,395). The increase of €264 million in fixed assets to €22,962 million (previous year: 22,698) is mainly due to exchange rate effects. Currency exchange fluctuation had an effect of €218 million on goodwill and €187 million on property, plant, and equipment. Additions of €322 million to property, plant, and equipment were offset by depreciation of €410 million. The other non-current receivables increased by €106 million to €400 million (previous year: 294), mainly as a result of the valuation of plan assets from defined benefit pension plans.

The current assets decreased by €137 million to €5,488 (previous year: 5,625). Despite increased business activities, inventories rose only slightly by €93 million to €1,676 million (previous year: 1,583). As a result of seasonal factors, trade receivables increased by €314 million to €1,963 million (previous year: 1,649). Cash and cash equivalents decreased by €595 million to €1,275 million (previous year: 1,870). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, the shareholders' equity rose by €397 million to €13,966 million (previous year: 13,569). This was primarily due to currency exchange fluctuation of €406 million and the profit for the period of €93 million, as well as the changes in non-controlling interests with put options, amounting to €57 million. These factors were counteracted especially by actuarial losses of €41 million and dividend payments of €121 million. The consolidated statement of changes in equity is explained in detail in the Notes.

The decline of €334 million in interest-bearing liabilities, which reached €9,467 million (previous year: 9,801), is primarily due to the repayment of bonds. The increase of €75 million in operating liabilities to €2,788 million (previous year: 2,712) relates mainly to trade payables. Provisions grew by €164 million to €2,348 million (previous year: 2,184), of which €142 million relates to provisions for pensions.

Financing

On 25 January 2012, HeidelbergCement repaid the €1 billion Eurobond 2008/2012 by using available liquidity or making use of credit lines.

On 31 January 2012, HeidelbergCement secured the extension until 31 December 2015 of its €3 billion syndicated credit line, originally maturing at the end of 2013. All 17 banks involved so far have confirmed their participation and two further banks have joined the syndicate. The agreement was signed on 17 February 2012. The €3 billion multicurrency credit line is intended as a liquidity back-up and can be used for cash drawings and letters of credit and guarantee facilities.

Under the extension, the margins increased by 25 basis points across the existing margin grid, with an additional 50 basis points pricing premium for US dollar drawings. HeidelbergCement paid a one-time amendment fee of 45 basis points and pays a first draw fee of 15 basis points whilst all other terms and conditions remained unchanged.

The successful extension of the syndicated credit line is proof of the strength of our relationships with our core banks. The fact that, in a difficult financial market environment, two additional banks have joined the syndicate and we were able to limit the margin increase to just 25 basis points, underlines the confidence the banks have in our Group. The extension of the credit line means that we have secured sufficient liquidity until the end of 2015.

In this self-arranged credit line, Bank of America/Merrill Lynch, BayernLB, BNP/Fortis, Citigroup, Commerzbank, Danske A/S, Deutsche Bank, Svenska Handelsbanken, Helaba, ING, Intesa, LBBW, Mediobanca, Morgan Stanley, Nordea, RBS, RBI, SEB, and Standard Chartered act as the mandated lead arrangers.

On 8 March 2012, HeidelbergCement issued a Eurobond under its €10 billion EMTN programme with an issue volume of €300 million and a maturity date of 8 March 2016. The bond bears a fixed coupon of 4.00% p.a. The issue price was at 100.0%, resulting in a yield to maturity of 4.00%. The bond is unsecured and ranks pari passu with all other capital market debt. As with all the bonds issued since 2009 and the debt certificate issued in December 2011, the bond terms and conditions include a limitation on incurring additional debt. The proceeds of the transaction will be used for general corporate purposes.

According to the terms and conditions of all the bonds issued since 2009 and the debt certificate issued in December 2011, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. The consolidated EBITDA of €2,412 million and the consolidated interest expense of €649 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 June 2012, the consolidated coverage ratio amounted to 3.72.

Net debt decreased by €456 million in comparison with 30 June 2011, amounting to €8,117 million (previous year: 8,574) as at 30 June 2012. The increase of €347 million in comparison with the end of 2011 is primarily due to the rise in working capital, related to seasonal factors.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €3,889 million as at the end of June 2012.

Western and Northern Europe

The economic recovery in Germany and the Nordic countries Sweden and Norway is continuing, although the economy has cooled, particularly in Sweden. The German economy is in solid shape despite the ongoing difficulties in the euro zone. The construction industry is benefiting from the continuing high level of demand from residential construction. In the United Kingdom, on the other hand, economic output fell unexpectedly sharply in the second quarter, with a decrease of 0.7% in comparison with the previous quarter; the construction industry shrank by 5.2%.

In the cement business line, the individual Group countries experienced varied development in sales volumes during the first half of 2012. The Nordic countries Sweden and Norway, as well as the Baltic States, achieved

partly significant increases in domestic shipment quantities thanks to consistently strong construction activity. Cement exports also rose, while lower-margin clinker exports were reduced. In Germany, the generally strong development of construction activity was disrupted by the cold winter weather in February; nevertheless, our domestic deliveries in the second quarter exceeded last year's high volumes slightly. Overall, the cement and clinker sales volumes of our German plants were still slightly below the previous year's level at the end of the first half of the year. The United Kingdom and the Benelux countries suffered significant decreases in sales volumes; the Netherlands in particular were adversely affected by weak construction demand. Overall, our cement and clinker sales volumes in Western and Northern Europe fell by 5.1% in the first half of the year to 10.2 million tonnes (previous year: 10.8).

The development of sales volumes in the aggregates business line also followed two opposing trends. While our aggregates activities in Northern Europe and Germany achieved increases in sales volumes, deliveries of aggregates in the United Kingdom and the Benelux countries were significantly below the previous year's level. The Group area's aggregates sales volumes decreased by 5.2% overall to 35.9 million tonnes (previous year: 37.9). Excluding consolidation effects, the decline amounted to 7.0%.

We also recorded slight increases in quantities in the ready-mixed concrete operating line in Northern Europe and Germany. Deliveries decreased noticeably in the United Kingdom and the Benelux countries. Overall, ready-mixed concrete sales volumes fell by 7.4% to 6.3 million cubic metres (previous year: 6.8). The sales volumes of the asphalt operating line were 20.1% below the previous year's level.

In the building products business line, which essentially comprises the building products of Hanson in the United Kingdom, a decline in sales volumes was recorded in all operating lines, with the exception of precast concrete parts, which remained at the previous year's level.

Revenue of the Western and Northern Europe Group area declined by 3.8% to €2,029 million (previous year: 2,109); excluding consolidation and exchange rate effects, the decrease amounted to 4.8%.

Eastern Europe-Central Asia

The cooling of the global economy and falling demand from the euro zone are having a noticeable impact in the countries of the Eastern Europe-Central Asia Group area, with a progressive weakening of economic development. In some countries, such as the Czech Republic, Hungary, and Romania, the construction industry is being adversely affected by the lack of financing for infrastructural projects. In Poland and the Ukraine, public construction expenditure has weakened considerably following the completion of numerous infrastructural projects in connection with the European Football Championship. In the first quarter, severe winter weather also hampered construction activity in large parts of the Group area.

In the cement business line, our deliveries in the first half of the year remained below the previous year in the majority of countries because of the unfavourable weather conditions in the winter months and the significant weakening of construction activity. In contrast, our sales volumes in Russia increased by more than 70% as a result of healthy market development as well as deliveries from the new Tula cement plant to the Moscow area. Georgia also achieved a substantial increase in volumes. Overall, the cement and clinker sales volumes of the Group area increased by 3.0% to 7.8 million tonnes (previous year: 7.6) in the first half of the year.

At the end of March 2012, the capacity expansion in the Górazdze cement plant in Poland was completed with the commissioning of a new cement mill. The new mill is HeidelbergCement's largest ball mill in Europe with a capacity of 1.4 million tonnes per year. Its commissioning is the perfect follow-up to the increase in clinker capacity carried out in the past year. This brings our total cement capacity in Poland to 5.6 million tonnes in 2012. The construction of the new Caspi cement plant in western Kazakhstan is progressing according to plan. The plant with a capacity of 0.8 million tonnes will strengthen our nationwide presence and allow us to supply the oil- and gas-rich region on the Caspian Sea more cost-effectively. We aim to produce the first cement there in 2014.

In the aggregates business line, our sales volumes remained considerably below the previous year's level in most countries. Overall, our aggregates activities in the Group area recorded a 11.0% decline in sales volumes to 7.9 million tonnes (previous year: 8.9). Deliveries of ready-mixed concrete decreased by 17.2% to 1.6 million cubic metres (previous year: 2.0).

Revenue of the Eastern Europe-Central Asia Group area rose by 5.8% to €642 million previous year: 607); excluding consolidation and exchange rate effects, the increase amounted to 7.9%.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic recovery is continuing, but growth momentum has slowed. In the second quarter of 2012, gross domestic product increased by 1.5% and the unemployment rate remained at 8.2%. However, recovery of residential construction is continuing: housing investment rose by 9.7% in the second quarter. Housing starts in June were at an annual rate of 760,000. This is 6.9% above the previous month rate and is 23.6% above the June 2011 rate. Building permits were 3.7% below the May rate, but were 19.3% above the June 2011 rate. Besides the economic recovery, the North American construction industry – and therefore demand for our building materials – benefited from the mild winter weather at the beginning of the year.

The cement sales of our North American plants grew by 16.7% to 5.4 million tonnes (previous year: 4.7) in the first half of the year. The highest increase in quantities was achieved by the North market region, which benefited from strong demand in all major markets. Deliveries also underwent a double-digit increase in the West and South regions. The Canada region recorded a moderate increase in sales volumes; the growing demand from the energy and mining sector in the Prairie provinces was offset by the ongoing weakness of construction activity in British Columbia, with large projects not scheduled to start until later in the year.

In the aggregates business line, our deliveries benefited from the strong demand in the North and Canada regions. The substantial increases in quantities in these two regions more than compensated for the decline in the West region. The deliveries of the South region were just under the previous year's level. Overall, the aggregates sales volumes in the first half of the year increased by 6.0% to 47.2 million tonnes (previous year: 44.6). In the ready-mixed concrete operating line, the North, South, and Canada regions achieved double-digit increases in sales volumes, while the West region also recorded a slight increase in quantities. Overall, ready-mixed concrete sales volumes grew by 11.4% to 2.9 million cubic metres (previous year: 2.6). Asphalt deliveries decreased by 4.7% to 1.1 million tonnes (previous year: 1.2). The decline is mainly attributable to the late start of projects in the West region.

In the building products business line, which is heavily dependent on residential construction, the roof tiles, precast concrete parts, and pressure pipes operating lines recorded significant decreases in quantities. In contrast, sales volumes of concrete pipes were only slightly below the previous year's level, while the bricks and paving blocks operating lines achieved pleasing increases.

Total revenue in North America rose by 17.3% to €1,538 million (previous year: 1,311); excluding exchange rate effects, it rose by 8.4%.

Asia-Pacific

The emerging countries of Asia remain on course for growth, although the economic dynamics have weakened overall this year. The Chinese economy has cooled noticeably. In the second quarter, the increase in the gross domestic product amounted to 7.6%, following an increase of 8.1% in the first quarter. The economic expansion in India has also slowed considerably. In contrast, Indonesia is benefiting from the strong domestic demand and recording robust general economic growth. The Australian economy is on course for growth, thanks to the booming raw materials sector.

During the first half of the year, cement and clinker deliveries of the Asia-Pacific Group area grew by 9.5% to 14.8 million tonnes (previous year: 13.6). In Indonesia, our subsidiary Indocement benefited from the extremely lively construction activity, particularly in residential construction. In view of the rapidly growing domestic market, Indocement reduced its lower-margin export deliveries substantially. Overall, Indocement's cement and clinker sales volumes grew by 17.4%. In order to meet the rising domestic demand for cement, Indocement is currently constructing an additional cement grinding facility at the Citeureup plant with a capacity of 1.9 million tonnes, set to be commissioned in 2013.

In China, sales volumes of our joint ventures in the provinces of Guangdong and Shaanxi remained below the previous year. The decreases in quantities result primarily from the falling demand from the property sector as well as the infrastructure sector in the Guangdong province.

In India, cement demand is still impaired by the government's continuing restraint in the area of infrastructural projects. In contrast, residential construction in rural areas developed positively. The deliveries of our Indian cement plants increased by 2.9%. Cement prices have recovered considerably in the first half of the year. The expansion of our cement capacities in central India by 2.9 million tonnes is making progress. New facilities in our Damoh and Jhansi plants are set to be completed in the second half of 2012. HeidelbergCement will then have a total capacity of 6 million tonnes in India.

We achieved a significant increase in sales volumes in Bangladesh. Besides the good development of demand, the production start of an additional cement mill with a capacity of 0.8 million tonnes at the Chittagong grinding facility at the start of 2012 contributed to this growth. In Australia, the sales volumes of the proportionately consolidated cement company Cement Australia were adversely affected by wet weather on the East Coast.

In the aggregates business line, the market recovery in Malaysia continued, although the increase in sales volumes achieved there could not compensate for the weather-related decreases in quantities in Australia and Indonesia. Overall, sales volumes of aggregates fell by 4.8% to 17.6 million tonnes (previous year: 18.5). In the asphalt operating line, the substantial rise in bitumen prices in Malaysia was reflected in a decrease of 9.3% in volumes. Deliveries of ready-mixed concrete increased by 10.0% to 5.2 million cubic metres (previous year: 4.7); a particularly strong contribution was made by Indonesia, where Indocement achieved a substantial increase in volumes despite the heavy rainfall in the first quarter.

Revenue of the Asia-Pacific Group area rose by 19.1% to €1,655 million (previous year: 1,390); excluding consolidation and exchange rate effects, the increase amounted to 13.8%.

Africa-Mediterranean Basin

The African countries south of the Sahara are continuing to experience solid economic development and lively construction activity. In Turkey, the general economic dynamics and the growth of the construction industry weakened noticeably in comparison with the previous year; the construction sector was adversely affected by unfavourable weather conditions in the first quarter of 2012. In Spain, the economy is in recession and construction activity is still suffering as a result of the property crisis, high unemployment, and the government's budget cuts, which resulted in a heavy reduction in infrastructure expenditure this year.

In Africa, our cement deliveries recorded a slight increase of 2.4%. This was attributable in particular to Benin and our main markets of Ghana and Tanzania. In light of the positive growth prospects, HeidelbergCement is expanding its activities in Africa. A new cement mill with a capacity of 0.5 million tonnes is currently under construction in Liberia and is set to be commissioned during the fourth quarter of 2012. We are also expanding our cement production capacity in our main market, Ghana, with the construction of a new cement mill at the Tema grinding facility; the commissioning of the mill with a capacity of 1 million tonnes is scheduled for the fourth quarter of 2012. In Togo, we are planning to construct a greenfield clinker plant with a capacity of 1.5

million tonnes. At the beginning of 2014, a greenfield cement grinding plant with a capacity of 650,000 tonnes is set to commence operation in Burkina Faso, close to the capital, Ouagadougou. In Tanzania, the modernisation of cement kiln 3 at our Tanzania Portland Cement plant has been completed. Currently, the kiln is in the re-starting phase and will increase the clinker capacity of the plant by 250,000 tonnes. We are also evaluating options for capacity expansions in other African countries.

In Turkey, cement consumption in the first six months was impaired by adverse winter weather and the cooling of construction activity. At the end of the first half of the year, the domestic cement sales volumes of our joint venture Akçansa were noticeably below the previous year's level. While cement exports also fell, clinker exports were increased considerably. In total, Akçansa's cement and clinker sales volumes decreased by 5.4%. Overall, the cement and clinker sales volumes of the Africa-Mediterranean Basin Group area reached the previous year's level, totalling 4.6 million tonnes (previous year: 4.6).

In the aggregates business line, the decline in sales volumes in Spain was offset by pleasing increases in quantities in Israel and Turkey. Overall, the Group area's deliveries of aggregates were approximately at the previous year's level, amounting to 7.2 million tonnes (previous year: 7.2). Our asphalt activities recorded an increase of more than 20% in sales volumes. Ready-mixed concrete deliveries fell slightly by 1.3% to 2.5 million cubic metres (previous year: 2.5); increases in sales volumes in Israel could not completely compensate for the significant decreases in quantities in Spain.

Revenue of the Africa-Mediterranean Basin Group area rose by 8.7% to €557 million (previous year: 513); excluding consolidation and exchange rate effects, the growth amounted to 8.8%.

Group Services

Group Services comprises the activities of our subsidiary HC Trading, one of the largest international trading companies for cement and clinker. The company is also responsible for purchasing and delivering coal and petroleum coke via sea routes to our own locations and to other cement companies around the world.

HC Trading's trading activities in cement, clinker, and other building materials such as lime and dry mortar increased by 21.7% to 5.3 million tonnes in the first half of the year (previous year: 4.3). Deliveries of coal and petroleum coke almost doubled, rising by 93.2% to 1.8 million tonnes (previous year: 0.9).

Revenue of the Group Services business unit rose by 38.7% to €395 million (previous year: 285); excluding exchange rate effects, revenue increased by 28.1%.

Employees

At the end of the first half of 2012, the number of employees at HeidelbergCement stood at 54,362 (previous year: 54,539). The decrease of 177 employees essentially results from two opposing developments: on one hand, almost 700 jobs were cut in the North America Group area, in the United Kingdom, Spain, and some Eastern European countries in connection with efficiency increases in sales and administration, location optimisations, and capacity adjustments. On the other hand, we have hired around 500 new employees in growing markets such as India and Indonesia.

Personnel change on the Supervisory Board

Following an application of the company, the Local Court (Amtsgericht) of Mannheim/Germany supplemented the Supervisory Board of HeidelbergCement AG by appointing Prof. Dr. Marion Weissenberger-Eibl as a member in the capacity of shareholder representative. At the beginning of July 2012, she succeeded Dr.-Ing. Herbert Lütkestratkötter, who had resigned from his position for personal reasons. Her term of appointment will expire on the occasion of the by-election held at the next Annual General Meeting of HeidelbergCement AG on 8 May 2013.

Events after the balance sheet date

After the balance sheet date, there were no reportable events.

Outlook

The global economic situation is still dominated by great political and economic uncertainty. The sustained pressure on countries to reduce their debt suggests that economic growth will remain below the pre-crisis level for some time, particularly in Europe. In its latest forecast, the International Monetary Fund (IMF) slightly lowered the growth rates for the global economy and some key countries such as the USA, United Kingdom, China, and India, while raising the outlook for Germany. The debt crisis is still not expected to intensify and no significant decline in economic growth is anticipated in China. The growth rates in the emerging countries of Asia and Africa will remain significantly above those of the mature markets in North America and Europe.

In the Western and Northern Europe Group area, HeidelbergCement continues to expect a slight dip in demand and falling sales volumes for cement and aggregates. This is primarily due to the strong sales volumes of the previous year, the cold spell in Europe in the first quarter of 2012, and a weakening of demand in the United Kingdom and the Netherlands. In the Eastern Europe-Central Asia Group area, a further volume increase for cement is anticipated, although this should be somewhat lower than originally expected. The growth in sales volumes, due to the additional capacities and a more or less significant increase in demand in Russia and Central Asia, is being somewhat muted by the latest decline in demand in Poland and the Czech Republic. Following the very positive development in the first half of the year, HeidelbergCement anticipates stronger growth in demand for cement in North America, which will be driven by recovering investment in private residential construction and commercial construction. HeidelbergCement expects demand for building materials from the raw materials industry in Canada and the USA to support the sales volumes of its products once again. In the Asia-Pacific and Africa-Mediterranean Basin Group areas, the Group still expects a consistently positive demand trend.

With regard to costs, HeidelbergCement anticipates a further – albeit significantly weaker compared to the previous year – increase in energy and raw material prices as well as rising personnel costs. HeidelbergCement aims to offset the cost increase and gain back some of the margins lost in 2011 by placing a high priority on cost reduction measures and targeted price increases. The Managing Board has set the objective of further increasing revenue and operating income in 2012 compared to the previous year.

The results of the second quarter confirm our prospects for 2012. In North America, we envisage stronger growth in demand than previously expected. In contrast, construction activity in some European countries has weakened. In terms of the development of margins, we anticipate a further weakening of cost pressure in the energy sector during the second half of the year. We will also sustain our efforts to reduce costs, improve efficiency, and increase prices. To further support those measures, we have started the two new initiatives “LEO” and “PERFORM”, which are aiming at reducing logistic costs across all business lines and improving cement margins. Deleveraging remains the highest priority for us, in order to regain our investment grade rating. We will also continue our successful strategy of targeted investments to expand cement capacities in the growth markets of Asia, Africa, and Eastern Europe. Thanks to our advantageous geographical positioning in attractive markets – in both emerging and industrialised countries –, and the global market leadership in the aggregates business, HeidelbergCement is excellently positioned to benefit over-proportionally from the continued economic growth.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2012 regarding the forecasts and other statements made in the 2011 Annual Report in the Outlook chapter on page 113 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2012 is described in the outlook. As such, please note that this Half-Year Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the

Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Half-Year Financial Report.

Risk report

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, and reducing them systematically is the responsibility of the Managing Board and a key task for all managers. HeidelbergCement is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

The Managing Board of HeidelbergCement AG is obliged to set up and supervise an internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The Supervisory Board and its Audit Committee also review the effectiveness of the risk management system on a regular basis. HeidelbergCement has installed transparent regulations to govern competences and responsibilities for risk management that are based on the Group's structure. A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. The internal control and risk management system, standardised across the Group, comprises several components that are carefully coordinated and systematically incorporated into the structure and workflow organisation. It is based on the financial resources, operational planning, and the risk management strategy established by the Managing Board.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks. Our control and risk management system standardised across the Group ensures that major risks, which, if they occurred, would lead to a considerable deterioration of the Group's economic position, are identified at an early stage.

Risks that may have a significant impact on our financial position and performance in the 2012 financial year and in the foreseeable future are described in detail in the 2011 Annual Report in the Risk report chapter on page 80 ff. and in the section "Estimates for 2012 and 2013 by Group management – risks and opportunities" on page 121 f in the Outlook chapter.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Although the International Monetary Fund (IMF) has only marginally lowered the growth rates for the global economy in its latest forecast, ongoing development is associated with a high level of uncertainty and risk. In the industrialised countries, the most pressing task is to consolidate state finances, reform the financial sector and tackle unemployment. Significant uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

Consolidated income statement	April - June		January - June	
€m	2011	2012	2011	2012
Revenue	3,393.8	**3,780.9**	5,996.0	**6,580.4**
Change in finished goods and work in progress	-44.0	**-11.5**	-8.7	**28.6**
Own work capitalised	3.8	**1.7**	7.0	**3.7**
Operating revenue	3,353.6	**3,771.2**	5,994.4	**6,612.7**
Other operating income	74.6	**110.9**	148.8	**174.8**
Material costs	-1,359.5	**-1,584.0**	-2,527.2	**-2,870.3**
Employee and personnel costs	-513.4	**-590.3**	-1,038.9	**-1,147.2**
Other operating expenses	-904.0	**-1,009.9**	-1,672.8	**-1,858.4**
Operating income before depreciation (OIBD)	651.3	**697.8**	904.3	**911.6**
Depreciation of property, plant, and equipment	-189.6	**-196.6**	-381.5	**-387.2**
Amortisation of intangible assets	-20.6	**-6.0**	-21.6	**-15.4**
Operating income	441.1	**495.2**	501.2	**509.0**
Additional ordinary income	23.5	**0.1**	25.6	**0.7**
Additional ordinary expenses	-19.4	**-44.0**	-23.3	**-54.3**
Additional ordinary result	4.1	**-44.0**	2.2	**-53.5**
Result from associated companies[1]	24.2	**13.8**	19.3	**12.4**
Result from other participations	2.5	**2.9**	3.0	**3.2**
Earnings before interest and taxes (EBIT)	472.0	**467.9**	525.7	**471.0**
Interest income	17.4	**9.0**	38.4	**33.0**
Interest expenses	-156.4	**-153.9**	-301.7	**-313.1**
Foreign exchange gains	-1.6	**2.2**	-1.1	**5.2**
Other financial result	-12.3	**-7.3**	-28.8	**-22.1**
Financial result	-152.8	**-150.1**	-293.1	**-297.0**
Profit before tax from continuing operations	319.1	**317.8**	232.6	**174.0**
Income taxes	-100.6	**-83.0**	-129.9	**-86.7**
Net income from continuing operations	218.6	**234.8**	102.7	**87.3**
Net income/loss from discontinued operations	-10.2	**13.8**	-14.6	**6.0**
Profit for the period	208.4	**248.6**	88.2	**93.2**
Thereof non-controlling interests	49.2	**64.5**	89.6	**113.0**
Thereof Group share of profit	159.2	**184.1**	-1.4	**-19.7**
Earnings per share in € (IAS 33)				
Earnings/loss per share attributable to the parent entity	0.85	**0.98**	-0.01	**-0.11**
Earnings/loss per share – continuing operations	0.90	**0.91**	0.07	**-0.14**
Earnings/loss per share – discontinued operations	-0.05	**0.07**	-0.08	**0.03**

1) Net result from associated companies	20.0	9.5	15.8	7.7

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	April - June		January - June	
€m	2011	2012	2011	2012
Profit for the period	208.4	**248.6**	88.2	**93.2**
Actuarial gains and losses	14.6	**-81.3**	52.9	**-55.4**
Income taxes	-4.2	**23.9**	-16.5	**14.6**
	10.4	**-57.4**	36.5	**-40.9**
Cash flow hedges – change in fair value	-5.5	**1.0**	-5.5	**4.0**
Reclassification of gains/losses included in the income statement	0.5	**-0.3**	0.5	**-1.4**
Income taxes	-0.9	**0.1**	-0.9	**-0.4**
	-5.9	**0.9**	-6.0	**2.2**
Available for sale assets – change in fair value	-3.3	**-1.3**	-2.9	**1.7**
Income taxes	0.2	**0.1**	0.1	**-0.1**
	-3.1	**-1.2**	-2.8	**1.6**
Currency translation	-263.8	**704.2**	-962.0	**411.3**
Income taxes	-0.8	**-1.2**	0.5	**-5.0**
	-264.6	**703.0**	-961.5	**406.3**
Other comprehensive income	-263.1	**645.3**	-933.8	**369.3**
Total comprehensive income	-54.7	**893.8**	-845.7	**462.5**
Relating to non-controlling interests	38.6	**77.7**	57.2	**94.8**
Relating to HeidelbergCement AG shareholders	-93.3	**816.1**	-902.8	**367.8**

Consolidated statement of cash flows

Consolidated statement of cash flows	April - June		January - June	
€m	2011	**2012**	2011	**2012**
Net income from continuing operations	218.6	**234.8**	102.7	**87.3**
Income taxes	100.6	**83.0**	129.9	**86.7**
Interest income/expenses	139.0	**145.0**	263.3	**280.1**
Dividends received	10.6	**13.1**	13.1	**14.2**
Interest received	25.4	**37.4**	58.6	**67.7**
Interest paid	-134.5	**-192.8**	-384.1	**-431.4**
Income taxes paid	-104.8	**-73.7**	-174.3	**-173.3**
Depreciation, amortisation, and impairment	214.6	**238.4**	408.6	**443.7**
Elimination of other non-cash items	-49.4	**48.9**	-36.0	**151.6**
Cash flow	419.9	**534.2**	381.9	**526.6**
Changes in operating assets	-324.4	**-264.1**	-662.7	**-403.3**
Changes in operating liabilities	262.6	**284.8**	214.6	**49.9**
Changes in working capital	-61.8	**20.7**	-448.1	**-353.4**
Decrease in provisions through cash payments	-49.3	**-50.1**	-98.4	**-102.3**
Cash flow from operating activities	308.9	**504.8**	-164.6	**70.9**
Intangible assets	-4.2	**-9.2**	-5.7	**-11.0**
Property, plant, and equipment	-178.0	**-154.7**	-330.9	**-313.9**
Subsidiaries and other business units	0.0	**0.0**	-14.1	**0.0**
Other financial assets	-4.3	**-4.6**	-6.8	**-7.3**
Investments (cash outflow)	-186.4	**-168.6**	-357.4	**-332.2**
Subsidiaries and other business units	0.0	**2.8**	7.4	**2.8**
Other fixed assets	43.2	**37.7**	62.0	**57.7**
Divestments (cash inflow)	43.2	**40.5**	69.4	**60.5**
Cash from changes in consolidation scope	0.0	**0.0**	-0.5	**0.1**
Cash flow from investing activities	-143.2	**-128.0**	-288.5	**-271.5**
Dividend payments – HeidelbergCement AG	-46.9	**-65.6**	-46.9	**-65.6**
Dividend payments – non-controlling shareholders	-47.5	**-52.2**	-49.4	**-55.6**
Increase in ownership interests in subsidiaries	-0.1	**-0.3**	-0.1	**-0.5**
Proceeds from bond issuance and loans	2,218.2	**323.6**	4,032.5	**932.4**
Repayment of bonds and loans	-2,155.5	**-356.8**	-3,377.0	**-1,194.9**
Cash flow from financing activities	-31.8	**-151.4**	559.1	**-384.3**
Net change in cash and cash equivalents	133.8	**225.4**	106.0	**-585.0**
Effect of exchange rate changes	-15.3	**23.0**	-45.8	**-10.3**
Cash and cash equivalents at the beginning of period	812.2	**1,026.1**	870.5	**1,869.8**
Cash and cash equivalents at period end	930.7	**1,274.5**	930.7	**1,274.5**

Consolidated balance sheet

Assets			
€m	30 June 2011	31 Dec. 2011	30 June 2012
Non-current assets			
Intangible assets			
Goodwill	10,056.7	10,763.3	**10,962.4**
Other intangible assets	344.2	345.9	**331.1**
	10,400.9	11,109.2	**11,293.4**
Property, plant, and equipment			
Land and buildings	4,968.4	5,296.7	**5,621.1**
Plant and machinery	4,247.2	4,380.1	**4,391.1**
Other operating equipment	254.5	297.8	**301.3**
Prepayments and assets under construction	885.7	1,061.4	**803.2**
	10,355.9	11,036.1	**11,116.7**
Financial assets			
Investments in associates	362.6	390.7	**392.6**
Financial investments	58.0	63.9	**69.2**
Loans to participations	18.6	17.0	**15.6**
Other loans and derivative financial instruments	38.5	81.0	**74.5**
	477.7	552.6	**551.9**
Fixed assets	21,234.5	22,697.8	**22,962.1**
Deferred taxes	323.5	379.2	**401.1**
Other non-current receivables	369.0	294.0	**399.6**
Non-current income tax assets	22.0	23.9	**27.2**
Total non-current assets	21,949.0	23,394.9	**23,789.9**
Current assets			
Inventories			
Raw materials and consumables	636.1	705.8	**758.6**
Work in progress	164.8	171.0	**191.4**
Finished goods and goods for resale	604.0	672.3	**698.4**
Prepayments	27.3	34.0	**27.7**
	1,432.1	1,583.1	**1,676.0**
Receivables and other assets			
Current interest-bearing receivables	90.1	60.5	**91.6**
Trade receivables	1,929.8	1,648.8	**1,963.2**
Other current operating receivables	431.2	359.0	**389.8**
Current income tax assets	52.0	41.1	**61.6**
	2,503.1	2,109.3	**2,506.3**
Derivative financial instruments	19.6	63.1	**30.9**
Cash and cash equivalents	930.7	1,869.8	**1,274.5**
Total current assets	4,885.5	5,625.4	**5,487.7**
Balance sheet total	26,834.5	29,020.3	**29,277.6**

Equity and liabilities

€m	30 June 2011	31 Dec. 2011	30 June 2012
Shareholders' equity and non-controlling interests			
Subscribed share capital	562.5	562.5	**562.5**
Share premium	5,539.4	5,539.4	**5,539.4**
Retained earnings	6,472.7	6,623.1	**6,527.3**
Other components of equity	-1,460.8	-108.0	**319.6**
Equity attributable to shareholders	11,113.8	12,617.0	**12,948.7**
Non-controlling interests	827.5	951.6	**1,017.3**
Total equity	11,941.3	13,568.6	**13,966.1**
Non-current liabilities			
Bonds payable	5,907.7	6,793.6	**6,532.1**
Bank loans	1,330.5	770.9	**737.4**
Other non-current interest-bearing liabilities	175.5	131.4	**110.2**
	7,413.7	7,695.9	**7,379.6**
Non-controlling interests with put options	75.6	75.0	**22.8**
	7,489.3	7,770.9	**7,402.4**
Pension provisions	804.4	832.6	**973.4**
Deferred taxes	763.3	754.3	**708.8**
Other non-current provisions	995.5	1,078.7	**1,091.2**
Other non-current operating liabilities	215.2	253.7	**264.1**
Non-current income tax liabilities	88.1	93.0	**51.3**
	2,866.4	3,012.3	**3,088.8**
Total non-current liabilities	10,355.8	10,783.2	**10,491.2**
Current liabilities			
Bonds payable (current portion)	1,156.1	1,218.6	**718.6**
Bank loans (current portion)	377.1	539.8	**690.5**
Other current interest-bearing liabilities	576.9	248.9	**634.2**
	2,110.2	2,007.2	**2,043.2**
Non-controlling interests with put options	17.4	22.9	**21.7**
	2,127.6	2,030.1	**2,065.0**
Pension provisions (current portion)	98.0	86.8	**87.8**
Other current provisions	187.8	186.0	**195.3**
Trade payables	1,201.2	1,344.8	**1,411.8**
Other current operating liabilities	816.9	908.3	**942.6**
Current income tax liabilities	106.0	112.5	**117.9**
	2,409.8	2,638.4	**2,755.4**
Total current liabilities	4,537.4	4,668.5	**4,820.3**
Total liabilities	14,893.2	15,451.7	**15,311.6**
Balance sheet total	26,834.5	29,020.3	**29,277.6**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2011	562.5	5,539.4	6,481.6	-4.2
Profit for the period			-1.4	
Other comprehensive income			36.5	-5.4
Total comprehensive income			35.0	-5.4
Changes in non-controlling interests with put options			2.0	
Changes in consolidation scope and other changes			0.9	
Dividends			-46.9	
30 June 2011	562.5	5,539.4	6,472.7	-9.6
1 January 2012	562.5	5,539.4	6,623.1	-8.9
Profit for the period			-19.7	
Other comprehensive income			-40.9	2.2
Total comprehensive income			-60.6	2.2
Changes in non-controlling interests with put options			29.5	
Changes in ownership interests in subsidiaries and other changes			0.9	
Dividends			-65.6	
30 June 2012	562.5	5,539.4	6,527.3	-6.7

Other components of equity						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests	**Total equity**
23.9	37.1	-578.9	-522.1	12,061.4	822.8	**12,884.2**
				-1.4	89.6	**88.2**
-2.8		-929.7	-937.9	-901.4	-32.4	**-933.8**
-2.8		-929.7	-937.9	-902.8	57.2	**-845.7**
				2.0	0.5	**2.5**
	-0.8		-0.8	0.1	-3.5	**-3.4**
				-46.9	-49.4	**-96.3**
21.1	36.3	-1,508.6	-1,460.8	11,113.8	827.5	**11,941.3**
19.1	35.5	-153.7	-108.0	12,617.0	951.6	**13,568.6**
				-19.7	113.0	**93.2**
1.6		424.5	428.4	387.5	-18.2	**369.3**
1.6		424.5	428.4	367.8	94.8	**462.5**
				29.5	27.1	**56.6**
	-0.8		-0.8	0.2	-0.6	**-0.4**
				-65.6	-55.6	**-121.2**
20.7	34.7	270.8	319.6	12,948.7	1,017.3	**13,966.1**

Segment reporting / Notes

Group areas January - June 2012	Western and Northern Europe		Eastern Europe-Central Asia		North America	
€m	2011	2012	2011	2012	2011	2012
External revenue	2,082	**1,998**	607	**642**	1,311	**1,538**
Inter-Group areas revenue	27	**31**	0	**0**	0	**0**
Revenue	2,109	**2,029**	607	**642**	1,311	**1,538**
Change to previous year in %		**-3.8%**		**5.8%**		**17.3%**
Operating income before depreciation (OIBD)	298	**186**	106	**88**	122	**190**
as % of revenue	14.1%	**9.2%**	17.5%	**13.8%**	9.3%	**12.3%**
Depreciation	-137	**-129**	-50	**-51**	-122	**-124**
Operating income	161	**58**	56	**37**	0	**66**
as % of revenue	7.6%	**2.8%**	9.2%	**5.7%**	0.0%	**4.3%**
Results from participations	20	**9**	0	**1**	-4	**-2**
Impairments	-4	**-6**		**0**	-1	**-10**
Reversal of impairments				**0**		
Other additional result						
Additional ordinary result	-4	**-6**	0	**0**	-1	**-10**
Earnings before interest and taxes (EBIT)	176	**61**	56	**38**	-5	**54**
Capital expenditures [1]	65	**65**	114	**89**	55	**59**
Segment assets [2]	6,615	**6,922**	2,180	**2,258**	7,524	**8,409**
OIBD as % of segment assets	4.5%	**2.7%**	4.9%	**3.9%**	1.6%	**2.3%**
Number of employees as at 30 June	14,031	**13,635**	10,018	**9,971**	13,204	**13,011**
Average number of employees	13,958	**13,614**	9,884	**9,910**	12,733	**12,550**

1) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments; in the reconciliation column: investments in financial fixed assets and other business units

2) Segment assets = property, plant and equipment as well as intangible assets

	Asia-Pacific		Africa-Mediterranean Basin		Group Services		Reconciliation		Continuing operations	
	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**
	1,382	**1,653**	498	**539**	117	**211**			5,996	**6,580**
	9	**3**	15	**18**	167	**184**	-218	**-235**	0	**0**
	1,390	**1,655**	513	**557**	285	**395**	-218	**-235**	5,996	**6,580**
		19.1%		**8.7%**		**38.7%**				**9.7%**
	343	**395**	84	**96**	6	**11**	-54	**-53**	904	**912**
	24.7%	**23.8%**	16.3%	**17.2%**	1.9%	**2.7%**			15.1%	**13.9%**
	-71	**-76**	-18	**-18**	0	**0**	-5	**-5**	-403	**-403**
	272	**319**	66	**78**	5	**10**	-59	**-58**	501	**509**
	19.6%	**19.3%**	12.9%	**14.0%**	1.9%	**2.6%**			8.4%	**7.7%**
	3	**5**	3	**3**					22	**16**
	0		0	**-26**					-6	**-41**
				0					0	**0**
							8	**-12**	8	**-12**
	0	**0**	0	**-25**	0	**0**	8	**-12**	2	**-54**
	275	**324**	69	**55**	5	**10**	-51	**-71**	526	**471**
	88	**90**	14	**22**	0	**0**	21	**7**	357	**332**
	3,695	**4,059**	704	**725**	39	**38**	0	**0**	20,757	**22,410**
	9.3%	**9.7%**	11.9%	**13.2%**	14.3%	**28.0%**			4.4%	**4.1%**
	13,727	**14,271**	3,511	**3,417**	48	**58**	0	**0**	54,539	**54,362**
	13,721	**14,156**	3,509	**3,429**	49	**58**	0	**0**	53,853	**53,716**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as of 30 June 2012 were prepared on the basis of IAS 34 "Interim Financial Statements". All International Financial Reporting Standards (IFRSs), including the interpretations of the IFRS Interpretations Committee, that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2011, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2011. Detailed explanations can be found on pages 158 ff. in the Notes to the 2011 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the income taxes in the reporting period were accrued on the basis of the tax rate expected for the whole financial year.

No new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements. A detailed description of the pronouncements adopted by the IASB but not applicable until a later date is given in the Notes to the 2011 Annual Report on pages 160 ff.

The interim consolidated financial statements as at 30 June 2012 were not subject to any audits or reviews.

Seasonal nature of the business

The production and sales of building materials are seasonal due to the regional weather patterns. Particularly in our important markets in Europe and North America, business figures of the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales and profit numbers in the second and third quarters.

Exchange rates

The following table contains the key exchange rates used in the translation of the separate financial statements denominated in foreign currencies into euro.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2011	**30 June 2012**	01-06/2011	**01-06/2012**
USD	US	1.2948	**1.2660**	1.4049	**1.2975**
AUD	Australia	1.2654	**1.2360**	1.3582	**1.2568**
CAD	Canada	1.3194	**1.2874**	1.3716	**1.3047**
CNY	China	8.1453	**8.0437**	9.1850	**8.2011**
GBP	Great Britain	0.8331	**0.8063**	0.8686	**0.8227**
GEL	Georgia	2.1626	**2.0827**	2.4065	**2.1364**
GHS	Ghana	2.0747	**2.4269**	2.1363	**2.2826**
HKD	Hong Kong	10.0512	**9.8093**	10.9318	**10.0699**
IDR	Indonesia	11,740.79	**12,001.68**	12,245.44	**12,002.05**
INR	India	68.6090	**70.2755**	63.1416	**67.5599**
KZT	Kazakhstan	192.1600	**189.2450**	205.0996	**192.2501**
MYR	Malaysia	4.1025	**4.0139**	4.2597	**4.0043**
NOK	Norway	7.7411	**7.5475**	7.8298	**7.5764**
PLN	Poland	4.4662	**4.2200**	3.9513	**4.2421**

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2011	30 June 2012	01-06/2011	01-06/2012
RON	Romania	4.3239	**4.4485**	4.1774	**4.3904**
RUB	Russia	41.6730	**41.0060**	40.1748	**39.6832**
SEK	Sweden	8.9200	**8.7685**	8.9445	**8.8821**
CZK	Czech Republic	25.5700	**25.5250**	24.3301	**25.1582**
HUF	Hungary	315.1500	**286.0250**	269.3181	**295.2213**
TZS	Tanzania	2,088.73	**2,047.12**	2,130.53	**2,083.72**
TRY	Turkey	2.4438	**2.2953**	2.2093	**2.3380**

Business combinations in the reporting period

HeidelbergCement did not effect any business combinations in the first half of 2012.

Business combinations in the previous year

In order to expand its activities in the aggregates business line in the north of the Swedish capital, Stockholm, HeidelbergCement acquired 100% of the shares in Ledinge Fastighets AB, Rimbo, and its subsidiaries on 31 January 2011. The acquired group’s area of activity primarily comprises the operation of sand, gravel, and crushed stone pits. The goodwill of €6.1 million arising on the difference between the purchase price of €10.0 million and the net assets of €3.9 million represents growth prospects resulting from the improved market position. The purchase price was paid in cash. The transaction costs of €0.2 million were recognised in the income statement as additional ordinary expenses. The purchase price allocation has been completed. There have been no changes from the values published on 31 December 2011.

The following table shows the fair values of the identifiable assets and liabilities of Ledinge Fastighets AB as at the acquisition date.

Fair values recognised as at the acquisition date €m	Total
Property, plant, and equipment	7.1
Inventories	1.2
Trade receivables	1.4
Cash and cash equivalents	0.4
Other assets	0.6
Total assets	**10.7**
Provisions	0.6
Liabilities	5.0
Deferred taxes	1.2
Total liabilities	**6.8**
Net assets	**3.9**

The company’s revenue and results since the acquisition date or since 1 January 2011 were insignificant.

Divestments in the reporting period

On 23 May 2012, HeidelbergCement sold 100% of the shares in Perstrup Beton Industri A/S, Kolind, Denmark. The sales price of €2.8 million was paid in cash. The assets and liabilities of the company at the date of disposal are shown in the following table.

Assets and liabilities at date of disposal		Total
€m	Non-current assets	**4.5**
	Current assets	**4.5**
	Total assets	**9.0**
	Current liabilities	**2.5**
	Total liabilities	**2.5**
	Net assets	**6.5**

Divestments in the previous year

On 1 January 2011, the 50% proportionately consolidated Mibau Group sold the shipping partnership MS "Splittnes" GmbH & Co. KG, Cadenberge, for €7.7 million. The purchase price was offset against a liability of €7.0 million; the remainder was paid in cash.

On 9 February 2011, HeidelbergCement disposed of its shares in the proportionately consolidated company Heidelberger Betonelemente GmbH & Co. KG, Baden-Baden, for a sales price of €7.0 million, which was paid in cash.

The assets and liabilities of the companies at the date of disposal are shown in the following table.

Assets and liabilities at date of disposal		HDBB	MS „Splittnes"	Total
€m	Non-current assets	5.6	1.9	**7.5**
	Current assets	7.6	0.1	**7.7**
	Cash and cash equivalents		0.8	**0.8**
	Total assets	13.2	2.8	**16.0**
	Non-current liabilities	0.2	3.6	**3.8**
	Current liabilities	4.3	0.2	**4.6**
	Total liabilities	4.5	3.8	**8.3**
	Net assets	8.7	-1.0	**7.7**

Revenue development by Group areas and business lines

January to June 2012	Cement		Aggregates		Building products		Concrete-service-other		Intra Group eliminations		Total	
€m	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**
Western and Northern Europe	885	**830**	423	**426**	224	**231**	901	**865**	-324	**-323**	2,109	**2,029**
Eastern Europe-Central Asia	473	**530**	56	**50**	0	**0**	126	**103**	-48	**-41**	607	**642**
North America	385	**489**	385	**457**	329	**335**	343	**423**	-133	**-166**	1,311	**1,538**
Asia-Pacific	813	**987**	250	**276**	21	**14**	471	**555**	-165	**-177**	1,390	**1,655**
Africa-Mediterranean Basin	366	**401**	44	**45**	0	**0**	140	**150**	-38	**-39**	513	**557**
Group Services							285	**395**			285	**395**
Inter-Group area revenue within business lines	-6	**-9**	0	**0**	0	**0**	0	**0**	0	**0**	-6	**-9**
Total	2,916	**3,229**	1,158	**1,254**	575	**580**	2,266	**2,490**	-707	**-746**	6,208	**6,807**
Inter-Group area revenue between business lines									-212	**-226**	-212	**-226**
Continuing operations									-919	**-973**	5,996	**6,580**

Earnings per share

Earnings per share €m		January - June	
		2011	2012
	Profit for the period	88.2	**93.2**
	Non-controlling interests	89.6	**113.0**
	Group share of profit	-1.4	**-19.7**
	Number of shares in '000s (weighted average)	187,500	**187,500**
	Loss per share in €	-0.01	**-0.11**
	Net income/loss from continuing operations – attributable to the parent entity	13.2	**-25.7**
	Earnings/loss per share in € – continuing operations	0.07	**-0.14**
	Net income/loss from discontinued operations – attributable to the parent entity	-14.6	**6.0**
	Earnings/loss per share in € – discontinued operations	-0.08	**0.03**

The basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share), by dividing the Group share of profit for the financial year by the weighted average of the number of issued shares. The diluted earnings per share indicator takes into account not only currently issued shares but also shares potentially available through option rights. The earnings per share were not diluted in the reporting period in accordance with IAS 33.30.

Consolidated statement of comprehensive income

The comprehensive income for the period improved by €1,308.2 million in comparison with the previous year to €462.5 million (previous year: -845.7). The profit for the period increased by €5.0 million to €93.2 million (previous year: 88.2). Other comprehensive income rose by €1,303.1 million to €369.3 million (previous year: -933.8). The actuarial losses of €-40.9 million (after income taxes) recognised in other comprehensive income are primarily due to changes in interest rates. In the same period of the previous year, there were gains of €36.5 million. The positive changes in the cash flow hedge reserve of €2.2 million in the reporting period result primarily from currency swaps and commodities. In the previous year, there was a negative contribution to results of €-6.0 million. The market valuation of assets available for sale resulted in gains of €1.6 million (previous year: losses of -2.8). Foreign currency translation resulted in gains of €406.3 million in the reporting period. The gains are due, in particular, to the depreciation of the euro against the US dollar, British pound, and Australian dollar since 31 December 2011. In the same period of the previous year, the foreign exchange losses amounted to €-961.5 million and resulted primarily from the appreciation of the euro against the US dollar, British pound, and Australian dollar.

Consolidated statement of changes in equity

As at 30 June 2012, the subscribed share capital amounts to €562.5 million – unchanged from 31 December 2011 – and is divided into 187,500,000 no-par value bearer shares, each representing a notional amount of €3.00 in the share capital. The share premium of €5,539.4 million (unchanged from 31 December 2011) was essentially created from the premium from capital increases. As at the balance sheet date, the company has no treasury shares.

In the reporting period, the retained earnings of the Group were decreased by the comprehensive income of €-60.6 million, which is composed of the Group share of profit of €-19.7 million and the actuarial losses of €-40.9 million recognised in other comprehensive income. The changes in non-controlling interests with put options increased the retained earnings by €29.5 million. This increase is due, in particular, to the release of

the liability from put options against IFC. Dividends in an amount of €65.6 million (€0.35 per share) were paid to the shareholders of HeidelbergCement AG. The other components of equity increased by a total of €428.4 million, of which €424.5 million related to foreign currency translation gains, €2.2 million to positive changes in the fair value of cash flow hedges and €1.6 million to assets available for sale.

The non-controlling interests in the total comprehensive income were increased by the profit attributable to non-controlling interests of €113.0 million. This was largely due to our Indonesian subsidiary PT Indocement. Currency translation differences amounted to €-18.2 million. The changes in non-controlling interests with put options, which primarily resulted from the release of the liability from put options towards IFC, led to a rise of €27.1 million in non-controlling interests. In the reporting period, dividends totalling €55.6 million were paid to non-controlling shareholders. Major payments were made to the non-controlling shareholders of PT Indocement.

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group in the fourth quarter once the operational three-year plan has been prepared, or if there are indications of impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs.

On 30 June 2012, the management carried out an impairment review, which determined that impairment of €25.5 million should be recognised. The impairment relates to the CGU Spain, whose recoverable amount was lower than the allocated carrying amount of the assets. This results from the further significant increase in the credit spreads for the costs of debts in the second quarter of 2012.

In accordance with IAS 36, the amount of goodwill allocated to the CGU Spain was initially reduced by €17.9 million. The amount of impairment exceeding the carrying amount of the goodwill, totalling €7.7 million, was allocated to property, plant, and equipment.

Changes in estimates for provisions for pensions

The actuarial gains and losses were adjusted on the basis of the interest rates for the key countries applicable at the reporting date. The decline of around 0.2 percentage points in interest rates led to a decrease of €40.9 million in the actuarial gains and losses recognised in equity.

Related parties disclosures

No reportable transactions with related parties took place in the reporting period beyond normal business relations.

Contingent liabilities and other financial commitments

A description of the contingent liabilities and other financial commitments of HeidelbergCement Group can be found in the Notes to the 2011 Annual Report on page 216. There have been no major changes since 31 December 2011.

Events after the balance sheet date

After the balance sheet date, there were no reportable events.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review

of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, 31 July 2012

HeidelbergCement AG

The Managing Board

The Company has its registered office in Heidelberg, Germany.
It is registered with the Commercial Register at the Local Court
of Mannheim (Amtsgericht Mannheim) under HRB 330082.

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The Half-Year Financial Report January to June 2012 was published on 31 July 2012.

Financial calendar	
Interim Financial Report January to September 2012	8 November 2012
Annual General Meeting 2013	8 May 2013

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