Annual Report 2001

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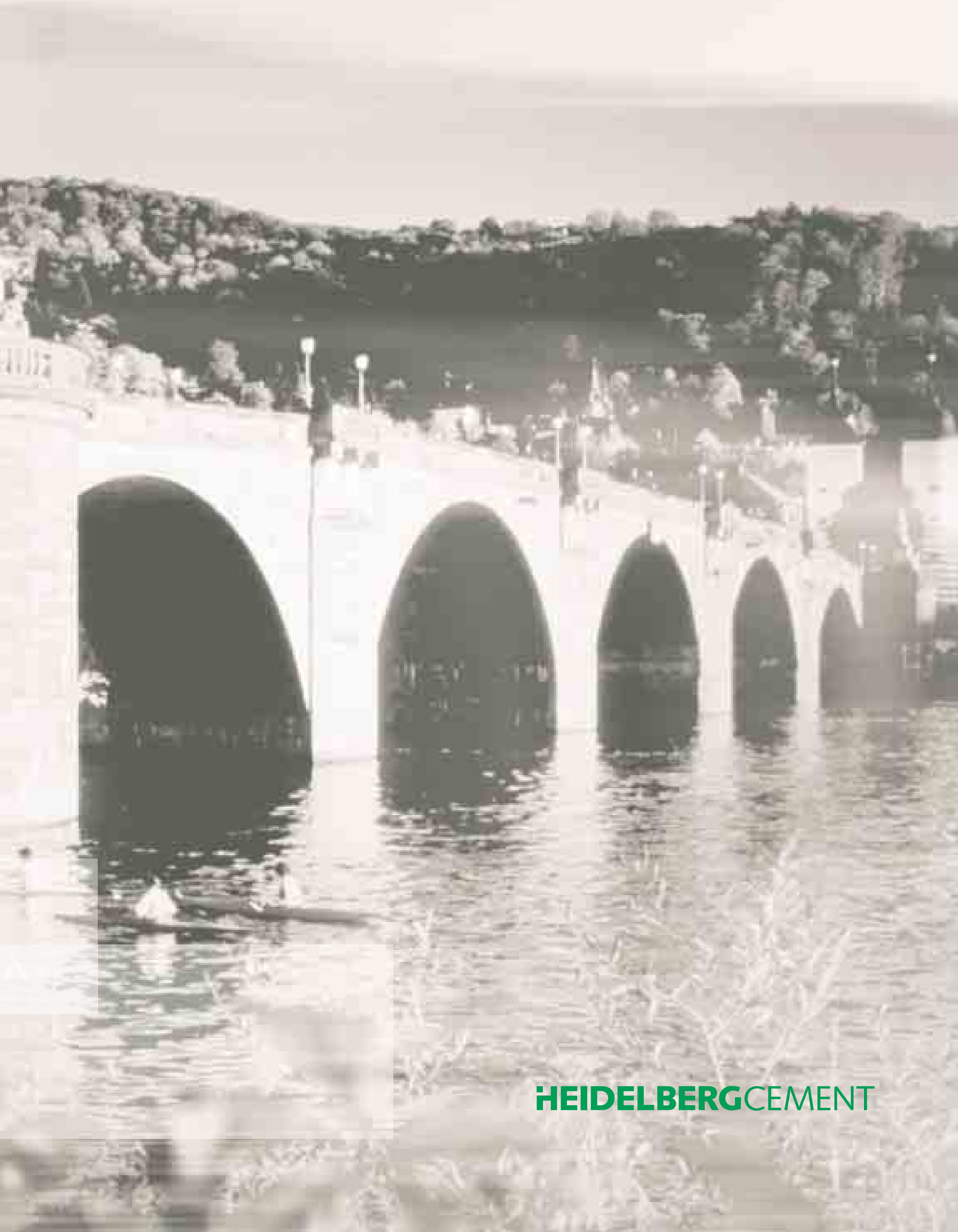


HEIDELBERGCEMENT

for better building

Architecture is a bridge. Architecture connects people and times. Historical buildings project into the present as symbols of past human life. The way we treat these symbols says something about ourselves.

Although the building purposes and styles have unbelievably varied over the millennia, the number and type of construction materials remains relatively limited. Amazingly, concrete was already valued and used by the Romans as an extremely versatile and very strong construction material. It is absolutely impossible to imagine the Roman civilisation without "Opus Caementitium", the forerunner of our modern cement.

The "stone made by human hands", the hardened mixture of stone, sand, burned limestone and water, was the foundation for Roman buildings, gave them stability and profile, and permitted completely new dimensions in architecture. Even the bold 43 m wide dome of the Pantheon in Rome was constructed from light-weight, Roman concrete.

The visible evidence of historical buildings is a symbol of the human spirit and connects us to our cultural origins. As one of the global leaders in manufacturing cement, concrete and construction materials, we feel that we should continue this living tradition.

The Old Bridge in Heidelberg makes a sweeping span over the Neckar. It was made from stone in the 18th century after its wooden predecessors were repeatedly destroyed by the breaking-up of ice.
Small picture on the backside of the cover: Built in 2000, the modern bridge over the Oresund connects Denmark and Sweden.

Central Europe West

Austria, Germany, Switzerland

Western Europe

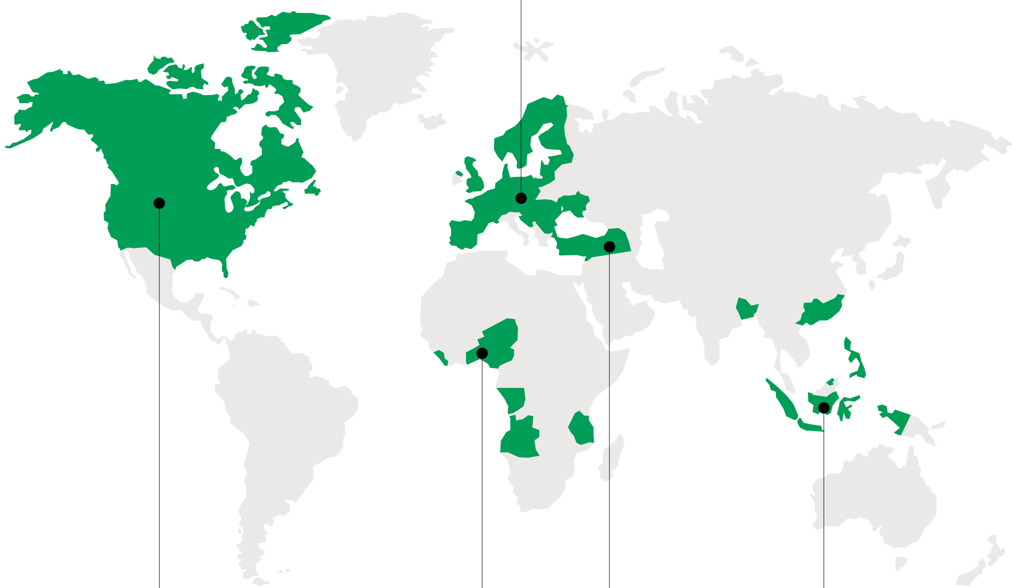
Belgium, France, Luxembourg, Netherlands, United Kingdom

Northern Europe

Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden

Central Europe East

Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Ukraine



North America

Canada
USA

Africa

Angola
Benin
Congo
Gabon
Ghana
Liberia
Niger
Nigeria
Sierra Leone
Tanzania
Togo

Mediterranean region

Turkey

Asia

Bangladesh
Brunei
China
Indonesia
Philippines
Singapore

HeidelbergCement is member in

World Business Council for Sustainable Development

econsense
Forum Nachhaltige Entwicklung

Subsidiaries have additional locations in: Italy, Portugal, Saudi Arabia, Spain, United Arab Emirates

Figures in EURm	1997	1998	1999	2000	**2001**
Number of employees	23,648	24,311	38,327	36,472	**34,846**
Turnover					
Central Europe West	1.217	1,196	1,611	1,506	**1,399**
Western Europe	706	731	1,061	1,120	**1,093**
Northern Europe	-	-	1,145	1,334	**1,247**
Central Europe East	308	349	396	434	**514**
North America	1,192	1,340	1,690	1,912	**1,990**
Africa-Asia-Turkey	96	91	365	424	**411**
Group Services	223	265	406	497	**510**
Inter-region turnover	-32	-59	-285	-418	**-475**
Total Group turnover	3,710	3,913	6,389	6,809	**6,689**
Operating income before depreciation (OIBD)[1]	722	752	1,188	1,263	**1,185**
Operating income[1]	398	419	640	658	**565**
Profit for the financial year	253	294	359	401	**255**
Group share in profit for the financial year	182	217	271	373	**244**
Dividend in EUR per ordinary share	0.87+0.08	0.95	1.05	1.15	**1.15***
Dividend in EUR per preference share	0.97+0.08	1.05	1.16	1.26	**1.26***
Investment in tangible fixed assets	360	367	581	654	**817**
Investment in financial fixed assets	249	176	3,905	495	**412**
Total fixed asset investments	609	543	4,486	1,149	**1,229**
Depreciation and amortisation	337	337	574	626	**659**
Tangible fixed assets	3,098	3,168	6,934	7,145	**7,377**
Financial fixed assets	776	822	907	1,084	**1,358**
Current assets	1,569	1,668	2,572	2,773	**3,040**
Shareholders' equity and minority interests	2,147	2,278	3,259	3,639	**3,849**
Provisions	1,102	1,106	1,442	1,398	**1,364**
Liabilities	2,194	2,274	5,712	5,965	**6,562**
Balance sheet total	5,443	5,658	10,413	11,002	**11,775**

[1] 1997 and 1998 incl. non-operating result

* Recommendation of the Managing Board and the Supervisory Board: dividend of EUR 1.15 per ordinary share and EUR 1.26 per preference share.

HeidelbergCement mourns the loss of Dr. Peter Schuhmacher

Honorary Chairman of Heidelberger Zement Aktiengesellschaft and Honorary Senator Dr. Peter Schuhmacher passed away at the age of 71 on 15 March 2002 after a long and serious illness.

Peter Schuhmacher was head of HeidelbergCement for 25 years. After he entered our Company in 1950, he quickly succeeded to the Managing Board of the Group after various management positions. In 1971 he became the Spokesman, and in 1977, the Chairman of the Managing Board. Under his leadership, HeidelbergCement rose to become a world-wide leader in the manufacturing of cement, concrete, and building materials. In 1995, Peter Schuhmacher moved from Chairman of the Managing Board to the Supervisory Board. Due to his extraordinary merit, he was appointed Honorary Chairman of HeidelbergCement at the Annual General Meeting on 19 June 2001.

Besides his professional career, Peter Schuhmacher was active in numerous national and international organisations and associations, as well as on the supervisory and advisory boards of various companies. The large number of publications he wrote bear evidence to his involvement with scientific and economic issues. In appreciation of his outstanding merits on behalf of the architectural heritage in the new Federal States of Germany he was awarded an honorary doctorate from the Bauhaus-University in Weimar, Germany last November.

Dr. Peter Schuhmacher has rendered lasting service to our company. He was always concerned about the employees.

Along with his wife, both his children, and their families, we mourn for the loss of this great and outstanding entrepreneur and personality. HeidelbergCement is greatly indebted to Dr. Peter Schuhmacher for his decades of successful commitment. We will honour his memory.

Dr. Wolfgang Röller	Hans Bauer	Heinz Schirmer
Chairman of the Supervisory Board	Chairman of the Managing Board	Chairman of the General Council of Employees

- Group turnover and sales volumes of cement and clinker fell slightly in 2001
- Noticeable improvement in Central Europe East, slight increase in North America, sharp decrease in Germany, weaker development in the remaining regions
- Noticeable drop in results due to weak demand in Germany and Western Europe, wide-ranging modernisation and restructuring measures and discontinuation of non-operating results
- Market entry into Indonesia, Ukraine and Russia to extend our core cement and concrete activities
- Increase in capacity in North America through the new construction of the Union Bridge cement plant
- Wide-ranging optimisations of costs and structure, as well as lower energy costs and interest charges
- Value-based corporate management through the consistent use of the EVA® system to increase enterprise value
- Payment of an unchanged dividend suggested

Letter to the shareholders

Ladies and Gentlemen,

Every two years, the prestigious economics magazine "manager magazin" awards the most respected companies in Germany. The award of this prize is based on a survey of German managers. As in 1998 and 2000, we achieved first place in this year's competition "image profiles 2002" for the third time in a row. Thereby, HeidelbergCement is considered to be the most respected company with the best image in its industry. On 23 January 2002, I had the privilege to receive the prize on behalf of the whole company at an awards ceremony. So we and you, our shareholders, can feel justifiably proud.

We have moved forward strongly with the introduction of our Corporate Mission in all Group regions and will complete the implementation phase as planned in September at our senior management meeting. By then, our Corporate Mission will be known not only by all employees, but through a number of events and measures, will be so familiar to all that it will make a lasting impression on the spirit and self-understanding of our company.

Along with our new Corporate Mission, we have introduced important and necessary changes so that the more than 500 companies that are now part of the fast-growing Group grow together into a powerful, decentralised Group. We have given the Group a new name and changed the corporate design as a visible sign. While the Group's name is now "HeidelbergCement", our subsidiaries maintain their corporate and brand names and add "HeidelbergCement Group" to their own logo. In accordance with our Corporate Mission, we use the power of our regional brand and company names, but make clear that they belong to a strong, internationally active Group.

Last year, we consolidated our European building materials activities under the temporary name "Heidelberger Baustoffe Europa" (HBE). This management unit is one of the world's largest suppliers of dry mortar and expanded clay products. It includes our subsidiaries Maxit in Germany, Beamix in the Benelux countries, and Optiroc in Scandinavia, the Baltic States, Russia, Poland and the Iberian Peninsula. It employs around 6,000 staff in over 20 European countries. Grouping together the building materials activities into one company leads to considerable cost savings and synergy effects, and offers our customers a wide range of products. The operational integration occurred in August 2001.

We are now considering the sale of HBE in order to continue concentrating on our core business of cement and concrete. We have not yet completed the decision-making process on a possible sale.

Even though we have cut down considerably the rate of acquisitions made in previous years, we have still undertaken considerable investment in our important growth markets in Central Europe East and Asia.

Our leading position in Eastern Europe was strengthened further by entering the Russian and Ukrainian markets. We have expanded our market position in the Baltic States, which is managed by our Northern Europe business region, by acquiring a majority stake in the Russian cement plant Cesla near Saint Petersburg. In Ukraine, we have acquired a majority participation in the Kryvyi Rih cement plant. The production site is located in the middle of a densely populated industrial area in the heart of the country. It strengthens the Central Europe East region, which in the past year rewarded us with double-digit growth rates. With Ukraine, HeidelbergCement is now present in nine countries in Central Europe East.

Indocement, Indonesia's second largest cement manufacturer, in which we hold the majority stake with our financial partner WestLB, has developed well. Cement sales volumes increased by 13%. In the current year, we are confident to achieve a further noticeable growth. With Indocement and our existing involvement in the Philippines, Brunei, Bangladesh and China, we have increased our cement capacity in Asia to approximately 20 million tonnes. Thus, we now have gained the strategic importance required in this region, in comparison with our main competitors. However, we will only be able to consolidate Indocement once we have completed the current debt restructuring and are able to distribute a dividend.

The weakness of the world economy in 2001 did not leave HeidelbergCement untouched. Although we were able to maintain turnover and sales volumes just under last year's levels, profits suffered a noticeable loss. Falling demand in some highly profitable regions - primarily Germany and the Benelux countries - could not be evened out during the reporting year by the growth regions. Rising maintenance costs, higher energy prices and the removal of non-recurrent profit earning special effects also prevented us from even approaching the results obtained in the record year 2000. However, the annual accounts and prospects for 2002 permit the distribution of unchanged dividends of EUR 1.15 per ordinary share, and EUR 1.26 per preference share.

The continuing difficult situation in the German construction industry forced us to make adjustments in personnel structures in Germany. We had to cut down 500 jobs in the reporting period - mainly in the dry mortar business. As far as was possible, we undertook socially acceptable measures. Unfortunately, however, the introduction of operational job losses to adjust the existing excess capacity to the much lower demand became unavoidable.

In the 2001 financial year, we have undertaken considerable investment in the US, Benelux countries, Central Europe East and Africa to update our locations with state-of-the-art equipment. I would particularly like to mention at this point the construction of the Union Bridge plant in the US and the dry kiln equipment at Lixhe, Belgium. These investments, together with the measures introduced for restructuring and reducing costs, will raise profitability in the long term so that we can meet the challenges of the current and future business years with confidence.

The Supervisory Board, Managing Board and employee representatives have continued to work well and trustingly together in my first year as Chairman of the Managing Board. I would like to thank all the employees whose hard work and enthusiasm have contributed to the success of HeidelbergCement. Together we are going in the right direction. We will master this currently difficult economic environment and will be successful into the future - for the benefit of our customers, employees and especially our shareholders.

Thank you very much for your support and confidence.

Yours sincerely,

Hans Bauer
Chairman of the Managing Board

Report of the Supervisory Board

The Supervisory Board has carried out the tasks assigned to it by law and by Company Statute, and has monitored the company management on a continuous basis. It has been fully informed by the Managing Board in writing and verbally about planned business policies, fundamental issues about future company management, about the economic situation and development of the company and of the Group, as well as about important individual events, and it has discussed these issues with the Managing Board.

In the 2001 financial year, four meetings of the Supervisory Board took place on 23 February, 24 April, 21 September and 12 December. There was also close contact between the Supervisory Board and the Managing Board outside of meetings. Furthermore, the Chairman of the Supervisory Board discussed important issues about the Group with the Chairman of the Managing Board or members of the Managing Board in other individual discussions. In one meeting, the Personnel Committee of the Supervisory Board dealt with personnel matters regarding the Managing Board. The Arbitration Committee, formed in accordance with Paragraph 27 section 3 of the German Codetermination Law, did not need to meet.

The Managing Board informed the Supervisory Board about the progress of the Group's operating activities, about the development of turnover, costs and results as well as about significant participations. The business plan, particularly with regard to finance, investment and personnel, was dealt with in detail. Transactions that required the approval of the Supervisory Board were examined and discussed in detail with the Managing Board. The pursuit of the international strategy was a central element. This included, in particular, investment projects in Asia, Central Europe East and Africa. In this regard, the successful acquisition of a majority interest in Indocement in April 2001, is to be emphasized. With control over the second-largest cement manufacturer in Indonesia, HeidelbergCement has secured a promising position in one of the growth markets in Southeast Asia. A further significant topic of discussion was the restructuring and pan-European cooperation of the Group's building materials businesses in the new unit, "Heidelberger Baustoffe Europa" (HBE). In addition, several disinvestments needed to be dealt with.

Furthermore, issues regarding Group financing, the introduction of a stock option plan for senior managers of the Heidelberger Zement AG and affiliated companies, as well as the new corporate design of the Group were at the centre of discussions.

All areas of risk, which could be identified by the Managing Board and the Supervisory Board and also by the risk management system implemented in all Group companies, were dealt with. The risk management system was also subject to intensive testing by the auditors. The auditors confirmed that the Managing Board took appropriate measures to set up a monitoring system as required by law, and that this monitoring system is such that it enables any developments that may jeopardise the survival of the company to be detected at an early stage.

The annual accounts of Heidelberger Zement Aktiengesellschaft, the Group accounts as of 31 December 2001 and the combined report to the shareholders for the Company and the Group, as prepared by the Managing Board, together with accounting, were examined by the independent auditors appointed at the Annual General Meeting on 19 June 2001 and appointed by the Supervisory Board, Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Stuttgart. The auditors gave the accounts an unqualified confirmation. The Group annual accounts were prepared in accordance with the International Accounting Standards (IAS) using the exemption provisions of the German Commercial Code (HGB).

The auditors' report was available to all the members of the Supervisory Board in good time before the financial statement meeting on 22 March 2002. The auditors signing the accounts participated in the meeting of the Supervisory Board. They reported on the basic findings of their examination and gave detailed answers to the questions from the members of the Supervisory Board. The Supervisory Board approved the audit results. It has examined the Company and Group annual accounts, the combined report to the shareholders as well as the recommended use of distributable profit. The final results of this examination left no grounds for objection. The Supervisory Board has therefore approved the annual accounts and the report to the shareholders. The annual accounts have thus been adopted. The Supervisory Board endorsed the Managing Board's recommendation for the use of the distributable profit.

Dr. h.c. Peter Schuhmacher †, member and former Chairman of the Managing Board for many years and member of the Supervisory Board since 1995, retired from the Supervisory Board at the close of the Annual General Meeting on 19 June 2001. In recognition of his outstanding services to the company, the Annual General Meeting on the proposal of the Supervisory Board and the Managing Board elected Peter Schuhmacher † as Honorary Chairman of Heidelberger Zement AG. At the end of the 2001 Annual General Meeting, Mr Bernhard Walter also retired from the Supervisory Board to which he had belonged since 1998. We thank Mr Schuhmacher † and Mr Walter for their trustworthy and committed cooperation. The Annual General Meeting appointed Professor Dr. Bernd Fahrholz and Mr Rolf Hülstrunk as representatives of the shareholders to the Supervisory Board for the remainder of the current term of office.

The deputy members of the Managing Board, Håkan Fernvik, Daniel Gauthier and Andreas Kern, were appointed full members of the Managing Board with effect from 1 July 2001.

The Supervisory Board thanks the Managing Board, the employee representatives and all the employees of Heidelberger Zement AG and its affiliated companies for the work undertaken and for their conscientious commitment.

Heidelberg, 22 March 2002

For the Supervisory Board

Dr. Wolfgang Röller
Chairman

Supervisory Board, Managing Board, Group organisation, and Advisory Council

Supervisory Board

Dr. rer. pol. Wolfgang Röller
Chairman
Frankfurt
Honorary Chairman of the Supervisory Board,
Dresdner Bank AG

Heinz Schirmer
Deputy Chairman
Schelklingen
Chairman of the General Council of Employees,
Heidelberger Zement AG and Chairman of the
Council of Employees in the Schelklingen plant,
Heidelberger Zement AG

Prof. Dr. Bernd Fahrholz
Frankfurt (since 19 June 2001)
Chairman of the Managing Board, Dresdner Bank AG,
and Deputy Chairman of the Managing Board, Allianz AG

Wilhelm Fürst
Mainz
Chairman of the Council of Employees in the
Mainz-Weisenau plant, Heidelberger Zement AG

Veronika Füss
Blaubeuren
Chairwoman of the Council of Employees in the
Schelklingen sales office, Heidelberger Zement AG

Waltraud Hertreiter-Höhensteiger
Rohrdorf
Partner and Chairwoman of the Advisory Council,
Südbayer. Portland-Zementwerk Gebr. Wiesböck & Co.
GmbH

Rolf Hülstrunk
Mainz (since 19 June 2001)
until 31 December 2000 Chairman of the Managing Board,
Heidelberger Zement AG

Hanspeter Kern
Stuttgart
Former Chairman of the Baden-Württemberg section,
IG Bauen-Agrar-Umwelt

Ernst-Ludwig Laux
Frankfurt
Federal Deputy Chairman, IG Bauen-Agrar-Umwelt

Josef Löffler
Schelklingen
Member of the Council of Employees in the
Schelklingen plant, Heidelberger Zement AG

Ludwig Merckle
Ulm
Managing Director, Merckle GmbH

Senator h.c. Dr. rer. pol. Eberhard Schleicher
Ulm
Partner with unlimited liability, Schwenk Zement KG

Eduard Schleicher
Ulm
Partner with unlimited liability, Schwenk Zement KG

Günter Schneider
Leimen
Director of the Leimen plant,
Heidelberger Zement AG (until 31 December 2001)

Senator h.c. Dr.-Ing. h.c. Peter Schuhmacher †
Heidelberg (until 19 June 2001)
Former Chairman of the Managing Board and
Honorary Chairman, Heidelberger Zement AG

Wilhelm Schwerdhöfer
Triefenstein-Lengfurt
Chairman of the Euro Works Council, HeidelbergCement
and Chairman of the Council of Employees in the
Lengfurt plant, Heidelberger Zement AG

Bernhard Walter
Frankfurt (until 19 June 2001)
Former Chairman of the Managing Board, Dresdner Bank AG

Dr. rer. pol. Ulrich Weiss
Frankfurt
Former member of the Managing Board, Deutsche Bank AG

From left to right:
Paul Vanfrachem,
Andreas Kern,
Hans Bauer,
Helmut S. Erhard,
Håkan Fernvik,
Horst R. Wolf,
Daniel Gauthier

Managing Board

Hans Bauer
Chairman
Heidelberg
Strategy and Development

Helmut S. Erhard
Allentown, Pennsylvania/US
North America

Håkan Fernvik
Malmö/Sweden
Northern Europe

Daniel Gauthier
Heidelberg
Central Europe East

Andreas Kern
Heidelberg
Central Europe West

Paul Vanfrachem
Brussels/Belgium
Western Europe, Africa-Asia-Turkey

Horst R. Wolf
Heidelberg
Finance and Controlling

Group organisation

Hans Bauer, Chairman	Strategy and Development
Helmut S. Erhard	Regional responsibility + Technology (HTC)
Håkan Fernvik	Regional responsibility
Daniel Gauthier	Regional responsibility
Andreas Kern	Regional responsibility + E-Business
Paul Vanfrachem	Regional responsibility + Trading (HCT)
Horst R. Wolf	Finance and Controlling

Central Europe West	Western Europe	Northern Europe	Central Europe East	North America	Africa-Asia-Turkey
A. Kern (H. Bauer)	P. Vanfrachem (H. Bauer)	H. Fernvik (D. Gauthier)	D. Gauthier (A. Kern)	H. Erhard (P. Vanfrachem)	P. Vanfrachem (H. Fernvik)

HeidelbergCement's decentralised management structure is based on six strategic business units, each one reporting directly to one member of the Managing Board. Besides this operating responsibility, we also use the "4 eyes principle" to ensure a smooth collaboration with another member of the Managing Board - not in the sense of controlling each other, but with the purpose of consulting and optimising internal communication within the Managing Board.

Senior General Managers

Thierry Dosogne
Singapore

Franz Raab
Heidelberg (until 31 December 2001)

Friedrich Rinne
Heidelberg

Paul Rosendahl
Heidelberg

Dr.-Ing. Albert Scheuer
Heidelberg

Advisory Council

Senator h.c. Dr.-Ing. h.c. Peter Schuhmacher †
Chairman (until 19 June 2001)
Heidelberg
Honorary Chairman, Heidelberger Zement AG

Rolf Hülstrunk
Chairman (since 19 June 2001)
Mainz
Member of the Supervisory Board,
Heidelberger Zement AG

Edward L. Baker
Jacksonville, Florida/US
President Florida Rock Industries, Inc.

Donald Fallon
Brussels/Belgium
Former member of the Managing Board,
Heidelberger Zement AG, and former
Chairman and Chief Executive Officer,
S.A. Cimenteries CBR

Larry Hirsch
Dallas, Texas/US
Chairman and Chief Executive Officer,
Centex Corp.

Dr.-Ing. Jochen F. Kirchhoff
Iserlohn
Owner and Managing Director,
Stephan Witte GmbH & Co. KG

Dr. rer. nat. Karl Kroboth
Heidelberg
Former member of the Managing Board,
Heidelberger Zement AG

Karl Kronimus
Iffezheim
Chairman of the Supervisory Board,
Kronimus AG

Jacques Merceron-Vicat
Paris/France
President and General Director, Vicat S.A.

Senator h.c. Dr. med. h.c. Adolf Merckle
Blaubeuren
Managing Partner,
VEM Vermögensverwaltung GmbH

Friedrich von Metzler
Frankfurt
Managing Partner,
B. Metzler seel. Sohn & Co. KGaA

Per Molin
Solna/Sweden
Former member of the Board of Directors,
Scancem AB

Marinus Platschorre
Rotterdam/Netherlands
Former President,
TBI Holdings B.V.

Report to the shareholders

2001 business trend

Economic environment

Since spring 2001, there has been clear weakness in the international economy, which has spread and gathered pace with unexpected rapidity during the course of the year. According to optimistic forecasts, the world economy should bottom out by the middle of 2002 on the basis of a perceptible improvement in the US and there should be improvement again from that point. At present, all industrialised countries, on average, are expected to experience stagnation in their general economic production for the current year.

Construction volumes in the euro zone remained at the previous year's level. Excluding Germany, which contributes one third of West European construction volumes, growth of around 2% was calculated for 2001. In Germany, construction investments fell by approximately 6%. This downward trend was dominated by residential construction. The number of completed dwellings, which reached just under 600,000 in 1997, fell to 335,000 in 2001. The Western Europe business region was also unable to extract itself from the economic deterioration. In Belgium and the Netherlands, construction output in 2001 was approximately 2% below the level of the previous year; only the United Kingdom recorded an increase of around 3%. Similarly, the countries in the Northern Europe region had a varied development: while the Swedish construction industry grew by 4%, construction demand in Norway decreased by just under 2%. In Central Europe East, slowing effects remained restricted due to a strong domestic demand. Construction activity declined only in Poland. In Hungary and the Czech Republic, construction investments rose by 7 and 10% respectively. In Romania and Bulgaria the construction sector became increasingly significant as the driving force for their domestic economy.

Cement and clinker sales volume

million tonnes	2000	2001
Central Europe West	6.6	**5.8**
Western Europe	9.9	**9.4**
Northern Europe	5.2	**5.1**
Central Europe East	7.1	**7.5**
North America	12.1	**12.0**
Africa-Asia-Turkey	5.7	**5.2**
Total	46.6	**45.0**

The general economic situation in the construction industry in the US remained favourable. Construction investments increased by 2.6% in 2001. The decrease in commercial construction by 5% contrasted with an increase in public sector construction of approximately 9%, and a moderate growth of 4% in residential construction. In Canada a picture of regional variations emerged for construction activity.

The weak trend in the world economy, as well as regional problems impaired the Africa-Asia-Turkey business unit. In view of higher prices for raw materials exports, African countries were able to achieve an average growth rate of approximately 3%. The gradual stabilisation of the general political situation in Asia improved economic prospects. The serious economic and financial crisis in Turkey, which resulted in a decrease in gross domestic product of 8%, negatively affected the construction industry, too.

Opus Caementitium, the concrete of the Romans, was one of the prerequisites for the rise of their empire. Roman architects, with buildings such as the aqueduct near Tomar, Portugal, produced infrastructure almost comparable to today's. Small picture: Glen Canyon dam in Arizona, US.

Turnover level just maintained

HeidelbergCement was able to limit the effects of the world-wide economic downturn due to its balanced international presence. In the financial year 2001, we have concentrated primarily on adjusting consistently to the structural changes in the market and on optimising the production plants in order to further improve the quality of results.

Group turnover was 1.8% below the level of the previous year, at EUR 6,689 million (previous year: 6,809). As a result of the unexpected rapidity of the deterioration in the general economic situation, it was not possible to reach the planned targets in some regions. Group turnover remained virtually stable after adjustment for new consolidations and deconsolidations and for exchange rate effects - basically a higher value of the US dollar and a lower ratio for the Swedish krona against the euro.

Group-wide cement and clinker sales volumes decreased in comparison with 2000 by 3.3%, to 45.0 million tonnes (previous year: 46.6). In virtually all the regions, the fourth quarter was characterised by particularly strong seasonal losses.

Restructuring and weakness in demand put pressure on results

The results for 2001 were adversely affected, mostly by the drop in demand in Germany and by the slow-down in Western Europe, as well as by extensive modernisation and restructuring measures. Operating income before depreciation (OIBD) decreased by 6.2% to EUR 1,185 million (previous year: 1,263). Operating income fell by 14.2% to EUR 565 million (previous year: 658), with slightly increased depreciations. The high non-operating result of the previous year - caused by the sale of land and release of provisions - decreased again to a normal level in 2001, at EUR 23 million (previous year: 59). While earnings before interest and income taxes (EBIT) declined by 19.2%, to EUR 658 million (previous year: 814), profit before tax fell to EUR 392 million (previous year: 575) due to increased interest costs. As taxes on income only decreased by 21.4% to EUR 137 million (previous year: 174), profit for the financial year fell to EUR 255 million (previous year: 401).

Business trend in the regions

The weakening trend in German construction investments continued unabated in the course of the year. As a result, cement and clinker sales volumes in 2001 fell by 12.7% to 5.8 million tonnes. Sales volumes of building materials were significantly below the level of the previous year. Adjustment, of the building materials business in particular, to the changed market structures was pursued consistently. Total turnover declined in **Central Europe West** by 7.1%, to EUR 1,399 million (previous year: 1,506). EBIT decreased by 34.4% to EUR 128 million (previous year: 195).

Cement sales volumes in **Western Europe**, at 9.4 million tonnes, fell short of the previous year by 4.2%, due to the unstable economic situation. As a result of extensive rationalisation and modernisation measures, we have improved the competitiveness of the plants and reduced costs. The concrete business line also suffered losses. Turnover fell in total by 2.4% to EUR 1,093 million (previous year: 1,120). EBIT dropped by 20.9% to EUR 117 million (previous year: 148).

Group profit and loss account (short form)

EURm	2000	**2001**	change
Turnover	6,809	**6,689**	-2 %
Operating income before depreciation (OIBD)	1,263	**1,185**	-6 %
Depreciation of tangible and intangible fixed assets	-605	**-620**	2 %
Operating income	658	**565**	-14 %
Non-operating result	59	**23**	-61 %
Net income from participations	97	**70**	-28 %
Earnings before interest and income taxes (EBIT)	814	**658**	-19 %
Financial results	-239	**-266**	11 %
Profit before tax	575	**392**	-32 %
Taxes on income	-174	**-137**	-21 %
Profit for the financial year	401	**255**	-36 %
Group share in profit	373	**244**	-35 %

Cement and clinker sales volumes in **Northern Europe** fell by 2.1%, to a total of 5.1 million tonnes, due to the decreasing domestic demand in Norway, higher imports and weaker exports. At the end of the year, HeidelbergCement acquired a majority share in the Russian Cesla cement plant in the greater Saint Petersburg area, and as a result strengthened its market position in the Baltic States and Northwest Russia. The concrete business line benefited from the continuation of good market conditions in Sweden. The sales volume figures for dry mortar and expanded clay in the building materials business line attained the level of the previous year. With the sale of the clay brick operating line at the beginning of 2001, HeidelbergCement has continued to concentrate on its core competence. Turnover increased by 2.1% in Swedish krona. There were particularly negative exchange rate effects, which resulted in a decrease of 6.5% to EUR 1,247 million (previous year: 1,334), after conversion into euro. EBIT recorded a minus of 11.5% to EUR 85 million (previous year: 96).

Weak economic growth in the EU countries also had repercussions in the fourth quarter in **Central Europe East**. Domestic demand remained on a growth path - with the exception of Poland - while exports declined appreciably in recent months. Cement and clinker sales volumes increased by just under 6% to 7.5 million tonnes with a sustained, positive trend for the whole year. The Romanian Casial Deva plant was included in the consolidation scope for the first time in 2001. In Ukraine, we have acquired a majority participation in the Kryvyi Rih cement plant. Slight increases for ready-mixed concrete rounded off the positive picture for the region, which produces - with a continuously expanding base - the strongest growth rates in the Group. Total turnover increased by 18.4%, to EUR 514 million (previous year: 434). Apart from positive market developments, the extension of the consolidation scope and exchange rate effects have contributed to this growth. EBIT improved by 5.4% to EUR 59 million (previous year: 56).

The construction industry in the US was governed by a strong demand in public sector construction and a moderate growth in residential construction. Cement and clinker sales volumes of 12 million tonnes in **North America** were maintained at the record level of the previous year in spite of a slight slow-down in the last months.

In November, the construction of our new plant in Union Bridge, Maryland, was concluded on schedule. The commissioning of the plant has progressed successfully.

Segment reporting

EURm	Turnover		OIBD		Return on investment*		EBIT	
	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**
Regions								
Central Europe West	1,506	**1,399**	244	**192**	20 %	**17 %**	195	**128**
Western Europe	1,120	**1,093**	271	**240**	17 %	**15 %**	148	**117**
Northern Europe	1,334	**1,247**	220	**200**	14 %	**14 %**	96	**85**
Central Europe East	434	**514**	107	**131**	17 %	**18 %**	56	**59**
North America	1,912	**1,990**	362	**354**	23 %	**19 %**	236	**222**
Africa-Asia-Turkey	424	**411**	54	**60**	10 %	**12 %**	22	**24**
Group Services	497	**510**	5	**8**	11 %	**17 %**	2	**0**
	6,809	**6,689**	1,263	**1,185**	18 %	**16 %**	814	**658**
Business lines								
Cement	3,506	**3,537**	853	**800**	17 %	**15 %**		
Concrete	2,171	**2,189**	258	**242**	26 %	**24 %**		
Building materials	1,386	**1,244**	147	**135**	15 %	**13 %**		
Group Services	497	**510**	5	**8**	11 %	**17 %**		
	6,809	**6,689**	1,263	**1,185**	18 %	**16 %**		

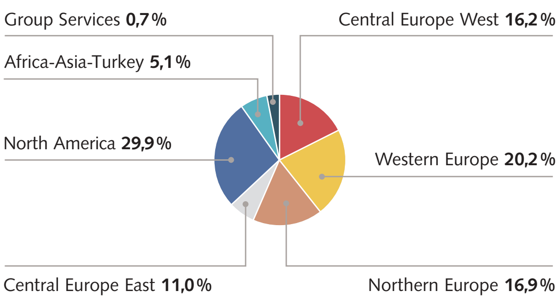
* Return on investment = OIBD/tangible and intangible fixed assets

In the concrete business line, demand varied in the individual sales regions. However, overall it was below the level of the previous year. While the sales volumes for ready-mixed concrete reached the level of 2000, the deliveries of aggregates declined in all marketing areas. Revenues in the US and Canada recorded regional variations.

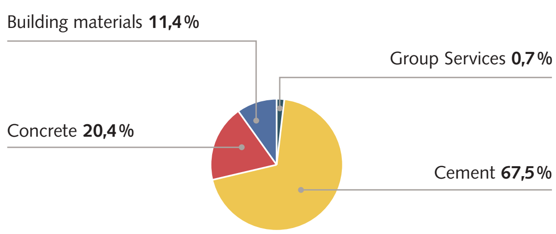
The increase in turnover by 4.1%, to EUR 1,990 million (previous year: 1,912), is partly attributable to the higher valuation of the US dollar. We were able to achieve a plus of 1% in US dollars. EBIT fell by 5.9% to EUR 222 million (previous year: 236).

The cement sales volumes of our consolidated subsidiaries in **Africa** fell in 2001 by 4.4%, to 2.6 million tonnes. The volumes sold, including associated companies, rose by 6%, to 4.7 million tonnes. Angola, Benin, Tanzania and Sierra Leone recorded positive market development. In Ghana and Togo, however, the market remained difficult. The completed overhaul of the Sokoto plant will strengthen our market position in Nigeria.

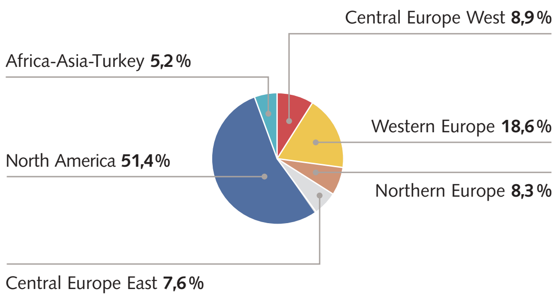
OIBD by regions



OIBD by business lines



Investment in tangible fixed assets by regions



Group cash flow statement (short form)

EURm	2000	2001	diff.
Cash flow	911	**788**	-123
Changes in working capital	-189	**-15**	174
Net cash from operating activities	722	**773**	51
Investments (cash outflow)	-1,083	**-1,229**	-146
Other inflows of cash and cash equivalents	196	**171**	-25
Net cash used in investing activities	-887	**-1,058**	-171
Capital increase	45		-45
Dividend payments	-78	**-88**	-10
Long-term borrowings	203	**455**	252
Net cash from financing activities	170	**367**	197
Changes in cash and cash equivalents	5	**76**	71

In **Asia**, the cement sales volumes of our consolidated plants in Bangladesh, Brunei and the Philippines decreased by nearly 10%, to 1 million tonnes. In April 2001, HeidelbergCement extended its presence in Southeast Asia in a crucial way through the acquisition of a majority share in Indocement, the second largest cement manufacturer in Indonesia. This not yet consolidated company increased its sales volumes by 13%, to 11.6 million tonnes.

The economic and financial crisis in **Turkey** also adversely affected the sales volumes of our proportionately consolidated participations, Akçansa and Karçimsa. Domestic shipments fell by 20%, while exports of cement and clinker reached the previous year's volumes. Therefore, total cement and clinker sales volumes decreased by 16.1%, to 4.0 million tonnes (consolidated quantity: 1.6 million tonnes). Demand in the ready-mixed concrete and aggregates business lines also declined.

The cement and clinker sales volumes of the strategic business unit **Africa-Asia-Turkey**, at a total of 5.2 million tonnes, remained behind the previous year by 9.3%. Turnover decreased by 3.1%, to EUR 411 million (previous year: 424). EBIT grew by 9.1% to EUR 24 million (previous year: 22).

The traded volume of our internationally operating HC Trading remained unchanged compared with the previous year with 10.6 million tonnes of cement and clinker. The turnover of the **Group Services** unit, which also covers world-wide procurement of fossil fuels, improved in comparison with 2000 by 2.6%, to EUR 510 million (previous year: 497).

Regional branches

There are neither in the inland nor abroad regional branches of the parent company Heidelberger Zement AG.

Cash flow statement

Due to adverse economic conditions, we generated a slightly lower cash flow in 2001 than in 2000. One of our specific focal points was the management of working capital, whereby we reduced the operating receivables.

We covered our investments to a great extent through internal financing. In 2001, no major refinancing measures were effected, since our long-term financial liabilities do not expire until 2004/2006. To cover our short-term and medium-term indebtedness, we use our EMTN and Commercial Paper Programmes.

Total fixed asset investments

EURm	2000	2001
Regions		
Central Europe West	94	**73**
Western Europe	112	**152**
Northern Europe	74	**68**
Central Europe East	67	**62**
North America	260	**420**
Africa-Asia-Turkey	46	**42**
Group Services	1	
Financial investments	495	**412**
Business lines		
Cement	417	**607**
Concrete	145	**136**
Building materials	91	**74**
Group Services	1	
Financial investments	495	**412**
	1,149	**1,229**

Investments

In the past year, we invested Group-wide EUR 1,229 million (previous year: 1,149) in tangible and financial fixed assets.

The investments in tangible fixed assets (including intangible fixed assets) amounted to EUR 817 million (previous year: 654). The most important single project was the completion of Union Bridge in the US. In 2001, EUR 224 million was invested in the construction of this new plant. We expect significant cost savings from the rationalisation and modernisation of the Belgian cement plants pursued in 2001. As always, investment in environmental protection, particularly in the use of alternative fuels, also played an important role in the Group.

The extension of our position in Asia through the acquisition of Indocement and in Eastern Europe by entering the Ukrainian and Russian markets were some of the focal points of our investments in financial fixed assets, amounting to EUR 412 million (previous year: 495). Following an increase in our participation, we now hold a majority share in Chittagong Cement Clinker Grinding Company Ltd. in Bangladesh. By taking over a controlling participation of 82.8% in the Ukrainian cement plant, Kryvyi Rih, we have further extended our leading position in Eastern Europe. We increased also our participation in the Romanian company Casial Deva to 86.2%. In Africa, we extended our involvement in Niger. We have consolidated our participation structure in many other African countries through small partial acquisitions and granted loans. Our market position in the Baltic States and Northwest Russia was strengthened by the acquisition, at the end of the year, of a majority share in the Russian Cesla cement plant in the greater Saint Petersburg area.

Group balance sheet (short form)

EURm	31 Dec. 2000	**31 Dec. 2001**	Part of balance sheet total 2001
Tangible and intangible fixed assets	7,145	**7,377**	63 %
Financial fixed assets	1,084	**1,358**	11 %
Other long-term assets	232	**253**	2 %
Short-term assets	2,541	**2,787**	24 %
Shareholders' equity and minority interests	3,639	**3,849**	33 %
Long-term provision and liabilities	5,089	**5,038**	43 %
Short-term provision and liabilities	2,274	**2,888**	24 %
Balance sheet total	11,002	**11,775**	100 %

Group balance sheet

As internationally active company, our financial statements are in accordance with the requirements of the International Accounting Standards Board (IASB).

As a capital-intensive company, HeidelbergCement has EUR 4.9 billion tied in tangible fixed assets. Intangible fixed assets mainly consist of goodwill resulting from the acquisition of CBR and Scancem in the amount of EUR 1.7 billion. The equity ratio, at 33%, nearly remained stable at previous year's level. Long-term assets are covered by long-term capital. Shareholders' equity rose by EUR 210 million to EUR 3,849 million.

Profit for the financial year/Group share in profit

Mainly economic reasons and discontinuation of non-recurrent results led to a decrease in the profit for the financial year by 36,4%. Group share in profit only fell by 34.5% due to increases in already existing minority interests, especially in Chittagong and Maxit.

Earnings per share

Earnings per ordinary share calculated on the basis of IAS 33 fell by EUR 2.07 to EUR 3.83. The average number of shares rose in the financial year by approximately 1%.

Dividends

The Managing and Supervisory Boards will propose to the Annual General Shareholders' Meeting on 7 May 2002 that from the Heidelberger Zement Aktiengesellschaft net profit of EUR 73.9 million, a dividend - in the amount of the previous year - of EUR 1.15 per ordinary share and EUR 1.26 per preference share should be distributed. Following the discontinuation of the corporate tax imputation procedure, shareholders who were entitled to imputation credit do not receive tax credit for dividends distributed in 2002. From 1 January 2002 on, only half of the cash dividends are liable for tax.

Prospects and strategic development

Slow recovery in the economic environment

The general economic situation should improve significantly only in the second half of 2002. Positive impetus is expected from the US, but it appears also that the euro zone has almost bottomed out. The German economy remains at the bottom of the table again in 2002. The economy in the countries of Central and Eastern Europe will develop better than the rest of Europe, as it did in 2001 also.

A further, but smaller decrease is expected in the construction industry in Germany. In Western Europe, construction activity in the Benelux countries is still weak, while the positive growth in the United Kingdom should continue with an increase of 3%. A slight rise in construction industry activity is forecast for Northern Europe. In Central Europe East, the construction industry continues to be a significant driving force for recovery. With the exception of Poland, most countries remain on a clear growth course. In the meantime, we have an optimistic evaluation of development in North America - particularly on the East Coast of the US. The construction industry in the US continues to benefit in 2002 from the state infrastructure programme TEA 21. We expect varied development for the Africa-Asia-Turkey business unit. Slight progress in the political stabilisation of individual countries is expected to have positive effects.

Restructuring the building materials business line

The operational consolidation of our German, Belgian and Scandinavian subsidiaries into the strategic business unit "Heidelberger Baustoffe Europa" (HBE) opens up considerable synergy and rationalisation opportunities.

In the short-term, cost savings are to be expected through the consolidation of operational activities, the development of a common, pan-European sales strategy and extension of the product range, particularly in the area of higher-value products. Our Objective is the positioning of HBE as European market and cost leader in the dry mortar and lightweight aggregates business. In a decentralised organisation, the companies in individual countries are responsible for implementation of market strategies and the better use of synergies within HBE. In the context of the reinforced focus on our core business cement and concrete, we are also considering the sale of HBE.

Goals and strategy

HeidelbergCement has further optimised its position in mature markets in order to be able to effectively meet the challenges in markets where long-term growth is limited. We have significantly extended activities in growth and developing markets in Asia. The leading position in Eastern Europe will be developed further. Through implementation of an integrated management tool for value-based company management, the Economic Value Added method (EVA®, see p. 27), all strategic and operating decisions will henceforth be measured consistently by their contribution to the increase in enterprise value. As a result, increase in value becomes an integral part of all entrepreneurial activities.

In spite of the difficult conditions in Germany, we expect a stable growth in turnover and satisfactory results for the Group in the current year. We are confident of harvesting the first fruits from the restructuring programmes in Central Europe West and Western Europe in 2002. Several projects for improving profitability have been initiated. This includes adjustment of the building materials business line and further rationalisation of the ready-mixed concrete operating line in Germany, as well as the restructuring measures in cement production in Belgium. Appreciable contributions to profits are expected from the new Union Bridge cement plant in the US. In Northern Europe the increased use of alternative fuels has unrelenting priority. Cost optimisation and expansion remain the focal points of our strategy in Central Europe East. We anticipate a slight improvement for individual markets in the Africa-Asia-Turkey business unit. Cement trading activities have grown in importance through our increased involvement in Asia.

Corporate Governance

HeidelbergCement meets the basic requirements for Corporate Governance, i.e. the nationally and internationally recognised principles and standards for good and responsible company management. Many of these requirements have already arisen directly from the German Stock Company Act (Aktiengesetz) and the German Securities Trading Law (Wertpapierhandelsgesetz) and are therefore mandatory law in Germany. This includes the protection of shareholders' rights, the equal treatment of shareholders, and general rules on disclosure and transparency.

We comply with additional Corporate Governance principles in our Statutes, in the rules of procedure for the Managing Board and Supervisory Board as well as in the Corporate Mission adopted in 2000. They cover, among others, the wording of corporate principles and guidelines, the definition of the responsibilities of the Managing Board and Supervisory Board as well as of the business and measures that require the agreement of the Supervisory Board, and periodic and up-to-date reporting by the Managing Board to the Supervisory Board.

We satisfy the requirements for performance-related and corporate value-related remuneration of members of the Managing Board and of senior managers with the stock option plan launched in the summer of 2001. The disclosure of the details of the stock option plan also meets a further Corporate Governance requirement.

The strict observance of further requirements, for instance the avoidance of conflicts of interest or the ban on business for own account, has always been a matter of fact for our management bodies without it being expressly regulated until now in the company statutes.

The summary of all the requirements in a Corporate Governance Code is welcomed by us, as is the German Federal Government's intention to legally impose a duty on companies to publish and explain annually in a so-called compliance declaration deviations from the code.

Risk management

Any entrepreneurial activity, which aims to produce appropriate returns, involves not only opportunities, but also risks. The international growth of HeidelbergCement and new acquisitions increase the significance of world economic key data, such as the development of exchange and interest rates.

Further development of the risk management system

HeidelbergCement has introduced a detailed risk management system in order to identify and evaluate substantial risks for earnings potential and for other major corporate goals. This risk management system is an integral part of our management system. The risk management process is future-oriented and connected in terms of time with operating planning. Responsibilities lie with the regional business units in accordance with our company's decentralised structure. At Group level, the Group Internal Audit & Corporate Risk Department coordinates the risk management process and holds training courses. The department is responsible for the collection, consolidation and management of risks.

Important elements are the periodic risk assessment by those responsible for the risks, the monthly risk reporting as part of the management information system, ad-hoc notifications and the annual risk management report. A Group-wide network of risk managers identifies and evaluates all important risks and, in addition, carries out periodic special risk surveys. The results of these investigations are assessed and summarised by the management of business units. Thereafter, an assessment is carried out at Managing Board level, which includes all prospective strategic risks. A Group risk overview ensues from both risk assessment processes, which forms the basis for the Managing Board to set priorities, determines action plans and assigns responsibilities. In addition to annual risk inquiries, the management is informed monthly about the current risk situation. We have established ad-hoc reporting for substantial alterations. This reporting system and the existing information systems guarantee up-to-date, meaningful information at any time and a comprehensive picture of the risk situation in the entire company. In 2001, the described risk management system was in use to its full extent for the first time.

The capability and effectiveness of our risk management system are tested at irregular intervals by internal audit, and annually by the auditors in connection with the annual accounts.

Risks from the general economic situation

The Group is exposed to a multitude of risks, which are inseparably connected with entrepreneurial activity. These risks must be detected, evaluated and professionally managed as soon as possible. This is a basic prerequisite to ensure our long-term corporate success. HeidelbergCement has good risk diversification under normal circumstances due to its geographically balanced market presence. The effects of different business cycles in the individual countries should normally compensate each other.

Macro-economic risks

The critical success factors are economic volatility, political stability, safe conditions for our employees working abroad and intervention by governments in market activities. These risks can occasionally arise and are given special consideration for our activities in Africa and Asia. The level of interest rates, consumer confidence and tax incentives are additional important factors for the construction industry on a global basis.

Risks from business activity

Purchasing

Energy costs represent the largest share in our variable production costs. We conclude long-term supply contracts in order to safeguard our supply. We hedge energy prices in part also through forward contracts. One of HeidelbergCement's principles is to cover the supply of raw materials for its operations through its own reserves; at the same time the main focus is on efforts to arrange long-term mining concessions.

Environmental risks

In the area of environmental protection, tight monitoring and control systems guarantee compliance with rules. Risks arise from political bodies and possible changes in the legal environment regulations, which particularly affect our supply of raw materials and secondary fuels. As we have included environmental protection in our Corporate Mission, we record our intention to minimize effects on the environment as much as possible. It is our belief that this is not only ecologically sensible, but also economically advantageous in the long-term.

Sales volumes

Changes in construction activity and in the competition result in volatility in sales volumes for cement and ready-mixed concrete. We are able to react quickly and comprehensively to changes in the market due to our up-to-date monthly sales volumes reports and Group sales volumes forecasts produced several times in the year. Thereby, we obtain information on the current sales volumes compared with the plan and forecasts. These reports are one of the most important early-warning systems for HeidelbergCement.

Financial risks

The main financial risks relevant to the Group are the financing, currency and interest rate risks.

The Group's central treasury department closely monitors financing risk, among others, by maturity term tables and credit line usage statistics.

In accordance with internal guidelines, the Group operates a policy of fully hedging all currency transaction risks through the use of appropriate financial instruments. Currency translation risks are hedged on a highly selective basis only.

Interest rate risks are managed centrally by the Group's treasury department. Both cash flow and price risks, which are associated with interest rate changes, are being monitored and managed on an ongoing basis within parameters set by the Group's Chief Financial Officer. At the end of 2001, a shift of 0.1% in the short-term interest rates of the Group's financing currencies would have led to a change of about EUR 3 million in interest expenditure. At the same time, a change of 0.1% in the long-term interest rates of the Group's financing currencies would have led to a move of some EUR 5 million in the market value of the Group's fixed interest rate portfolio.

A periodically held Group Finance Committee examines all strategically important financial risks of the Group.

Successful risk management

The risk management system contributed to the preparation of a wide-ranging summary of the risk situation in the company. There were no substantial risks either in the regions or in the Group's business lines that could put the company at risk. Risks, which would be significant enough to threaten continuity of the Group, were also not identified.

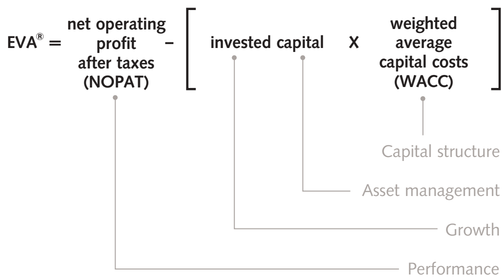
Value-based company management with Economic Value Added (EVA®)

In 2001, HeidelbergCement has started to implement Group-wide the EVA® management and control concept. EVA® stands for "economic value added", and is a concept developed by the New York consulting firm Stern Stewart to measure the value creation in a company. EVA® serves as an assessment of performance and efficiency, and includes value-based planning and employee motivation through incentive schemes, while taking into account the shareholder value approach.

We use EVA® throughout HeidelbergCement's entire management system as an integrated approach, in which the same key figures are employed as a decision aid for management, operational planning and for the evaluation of investments and acquisitions. Thus we are pursuing the aim of inducing our management to act still more in an entrepreneurial way, by extending their responsibility for the use of existing resources. The key data for assessment are operational performance (measured by the net operating profit after taxes) on the one hand, and the returns on capital invested by HeidelbergCement on the other hand, which are measured through the weighted capital costs rate. We shall achieve an increase in value for our shareholders only if we optimise the results in operating activities, the growth of the company, as well as portfolio management and capital structure. EVA® also serves as a basis for a forthcoming performance-related incentive scheme.

We are pursuing the following aims in order to increase HeidelbergCement's enterprise value:

- Performance: increase in operating productivity
- Growth: investment in value-creating projects
- Asset management: efficient allocation of capital
- Reduction in capital costs through optimisation of the capital structure



The complete implementation of the EVA® system throughout the Group will be concluded in the first half of 2002. A project team, consisting of experts from central Group departments, is monitoring the introduction of EVA® in all the regions with the support of consultants from Stern Stewart. In the second half-year 2001, our managers in all regions received intensive training. The use and the significance of EVA® were explained to them by means of case studies taking into consideration peculiarities of the operative activities. HeidelbergCement is providing its employees with a comprehensive EVA® manual in English and German. A standardised assessment and evaluation of EVA® is taking place in HeidelbergCement's Group-wide management information system.

Purchasing

Purchasing and investing in tangible fixed assets make up around 75% of the HeidelbergCement Group's turnover. With this in mind, we take advantage of our purchasing volumes to obtain the most cost-effective prices on the market.

Two teams are responsible for the strategic alignment of Group-wide purchasing activities for all HeidelbergCement business regions, namely: Group Purchasing and the Purchasing Strategy Team. The Head of Group Purchasing reports directly to the Chief Financial Officer.

Purchasing strategies for the individual business regions were defined in the past year. As a result, we are working on a Group-wide strategy in the current year defining goals and working principles based on Group-wide requirements and a market analysis, especially of our suppliers. In the meantime, 17 product groups have been identified for which purchasing activities can be harmonised for all regions, in order to implement Group-wide purchasing synergies.

In addition, a range of projects has been started in various regions at the level of the operating business units. Their aim is to achieve even greater efficiency in our purchasing activities. The measures include local critical analysis of purchasing processes, the constant search for better technologies, alternative and more cost-effective products, and continual training of employees involved in the purchasing process - especially those from commercial areas in negotiating strategy. In addition, we are also trying to reduce the number of suppliers so as to achieve better conditions for higher purchasing volumes.

Group Purchasing is also carefully investigating the options for e-procurement, which we will use to process transactions more simply, quickly and cost-effectively. However, this means that both sides - seller and purchaser - must be in a position to organise their business processes electronically. Currently, this is mainly limited to the areas of spare parts, equipment maintenance and office supplies.

Employees

"We are building our business on the knowledge of our people". This sentence is the title for the employee chapter in our Corporate Mission introduced in 2000. It has already led to a number of initiatives in the area of human resources. As a result, the human resource departments in various regions use harmonised instruments and objectives. For example, harmonised management guidelines and the principle of goal agreement are the Group-wide foundations for consistent delegation of responsibility, duties and decision-making powers.

In spite of a sometimes contrary economic environment in the construction sector, we want to be perceived as an attractive employer; we want our employees to take on the growing demands of their jobs willingly and with high motivation. In order to achieve this we have promoted dialogue with employees and focussed on opportunities for personal development. We have more intensively established dialogues regarding employee development and management by objectives as well as various forms of discussion on potential. Their aim is to recognise individual strengths in good time and to support them in a targeted way.

In 2001, at Group level, we have introduced international succession planning and harmonised assignment guidelines to strengthen our international management competence. Three new projects were started under the motto "Attractive International Employer" to ensure that HeidelbergCement continues to be an attractive and sought-after employer. They include evaluation system for Group positions, measures to strengthen HeidelbergCement's reputation on the international labour market and finally the International Development Project, which enables young executives to prepare themselves for future management roles in Group-wide projects.

In 2001, HeidelbergCement employed an average of 34,846 people. This was 1,626 less than the previous year. This change was primarily caused by the lower numbers of staff due to restructuring measures in Central Europe West and Central Europe East and deconsolidation. The Group is now present in 50 countries on four continents. New additions include activities in Indonesia, Ukraine and Russia, which are not yet included in the consolidation scope.

In **Central Europe West**, staff adjustments had become unavoidable after seven years of recession in the German construction industry. A total of more than 500 jobs had to be cut, mainly in the area of dry mortar. Fair social plans and support for career changes were the foundation for socially acceptable staffing cuts. As for personnel development, we give priority to long-term support of young executives. The trainee programmes for sales and technology, which have been successful to date, were extended to cover commercial areas. From now on, all young executives have experienced managers at their side to support them in word and deed. In addition to the International Management Candidate Program and foreign assignments, the International Development Project is the third mainstay of our international management competence set up. With intensive personnel marketing in schools and universities and a new design for Internet and advertise-

Group employees by regions

	1997	1998	1999	2000	**2001**
Central Europe West	6,762	6,562	8,533	8,233	**7,644**
Western Europe	3,210	3,196	4,388	4,450	**4,406**
Northern Europe	-	-	7,310	7,476	**7,203**
Central Europe East	6,503	7,125	8,388	7,448	**7,047**
North America	5,700	5,862	6,542	6,191	**6,110**
Africa-Asia-Turkey	396	407	1,757	2,552	**2,388**
Group Services	1,077	1,159	1,409	122	**48**
	23,648	24,311	38,327	36,472	**34,846**

ments, HeidelbergCement in Central Europe West is now more than ever before perceived as an attractive employer.

In **Western Europe** the emphasis during the reporting period was on personnel development. For this purpose, we worked out a harmonised training programme for the staff functions in the United Kingdom, Belgium and the Netherlands. Of prime importance were the improvement of customer satisfaction, quality assurance and foreign language competence. In Belgium, the personnel department provided training support for the introduction of ISO certification for the cement and aggregates areas as well as reorganisations in the ready-mixed concrete operating line. Seven young executives represented Western Europe in the internal International Management Candidate Program. In addition, ten leading staff members from Central Europe East spent a two-week programme at our Castle Cement subsidiary in the United Kingdom to deepen their experience and technical expertise, and exchange knowledge with their British colleagues.

In the **Northern Europe** region, a programme for PhD students of engineering technology from selected Scandinavian and British universities combines science and research with practical experience in our company. Sixteen candidates started this five-year programme in spring 1997. Two of them were able to complete their studies last year with our support and have taken on roles within the Group. An 18-month long trainee programme for university graduates is aimed at young career starters. In 2001 this contributed successfully to the Group being able to gain a sufficient number of suitable young executives immediately after they had completed their courses. 120 selected leading staff members took part in management seminars in groups of 20. These seminars conveyed current management methods, and at the same time strengthened the integration of the employees in Northern Europe across operating lines and national boundaries.

In order to improve the qualifications of our staff in **Central Europe East**, we have intensified advanced training in the areas of business management, production technology, introduction of ISO systems, sales and English. A further emphasis was placed on measures to improve productivity. The company's restructuring measures took effect as planned thanks to socially acceptable regulations and a good relationship with local unions. Reorganising the responsibilities between regional management and the companies in various countries has continued to unify and strengthen the personnel work in the region.

One important mainstay of personnel development in **North America** in 2001 was the System for Succession Management and Employee Development (SMEDS). Individually tailored employee development plans for leading staff members were worked out and implemented on the basis of the staff member's own goals and the assessment of their superiors, colleagues, and internal clients. In order to bind management competence to the company over the long term we have re-worked the mentor system and developed a programme for executives. Three staff members from the North America region took over international roles in the Group in 2001. We encourage our employees to take advantage of such temporary international roles within the Group. Another important element of the personnel work at HeidelbergCement in North America was our employees' financial and active support for charitable initiatives in the areas surrounding our plants.

Our activities in **Africa** were managed centrally from Oslo. Here the focal point of our personnel work was the internal and external recruitment of suitable executives. 37 international managers took on executive positions in Africa in 2001, bringing the total number of staff sent abroad to 75. Including all associated companies, around 3,200 local staff members were employed at HeidelbergCement in Africa at the end of 2001.

The number of employees in **Asia** increased by 7,300 over the past year, due to the acquisition of Indocement in April. However, Indocement is not yet consolidated, leaving the number of Group employees unchanged. In Bangladesh and in the ready-mixed concrete operating line in China there was a slight increase in staff numbers as production increased. For the other participations, the figures have not changed. Activities in Asia are managed by our office in Singapore.

Our **Turkish** participation, Akçansa, has worked out a plan for the further development of the company over the past year. From this, concrete projects are being developed and transferred to management. Akçansa has updated its succession planning. A new instrument was introduced - a conference for middle and upper management, which first took place in June 2001. The leading Turkish financial magazine "Capital" elected Akçansa as the most admired company in the cement sector.

The Group's trading activities are managed by **HC Trading** from our offices in Oslo, Istanbul and Singapore with an international team of 33 employees.

The Supervisory Board, Managing Board and employee representatives have continued over the past year to work well and trustingly together. We would like to thank all those who have made an active contribution to the Group's success and integration.

Corporate design

The Group has a new name and a new corporate design. It is now called "HeidelbergCement". The Annual General Shareholder's Meeting, on 7 May 2002, will decide whether the name recorded in the register of companies for the Group's parent company, "Heidelberger Zement Aktiengesellschaft", should be changed to "HeidelbergCement AG". If the shareholders accept this resolution proposal, the name "Heidelberger Zement" will continue as a brand in Germany in combination with the lion in the octagon.

The names and logos of the other companies and businesses in the Group remain unchanged. However all subsidiaries in which HeidelbergCement holds the majority share, incorporate the addition of "HeidelbergCement Group" in their logos. This applies also for "Heidelberger Zement" in Germany.

The starting point for considerations about a new corporate design was the Corporate Mission introduced the previous year. This states: "HeidelbergCement is one unit - a leading, globally active, market-oriented company.... We use the power of our regional brand and company names, but make clear that they belong to HeidelbergCement. In this way, all our employees enjoy the advantages of local name recognition and the worldwide strength of HeidelbergCement".

These binding guidelines mean that, with even greater intensity than in the past, we wish to be perceived as an integrated, strong, international company. At the same time, however, we continue to rely on the strength of our regional and local brands. Therefore we have developed a new logo, which stands for the Group:

HEIDELBERGCEMENT

This logo can be added to all Group companies and harmonised with their logos as a sign of belonging to the Group.

The new Group logo is a word logo. It begins with a small, green square in the index letter H, which is the prelude for the new name. It can be more easily understood internationally. The square in the corporate design crops up again and again as an integral design feature. We are retaining the tried and tested corporate colour of green and are concentrating on the name, which was internationalised, but continues to refer to our German origin - Heidelberg - as well as our core product. In general terms, "Cement" stands for all cement-related products, and in the broader sense for our building materials. The combination of both words in a classically modern design marks the new appearance. Furthermore, in the combination "HeidelbergCement Group", the new name becomes the conceptual base and visual brace, which brings together all the parts to form a large world-wide network.

LEHIGH HEIDELBERGCEMENT Group

HEIDELBERGER ZEMENT HEIDELBERGCEMENT Group

CBR HEIDELBERGCEMENT Group

Examples from the regions show that this design solution is incorporated harmoniously into the existing corporate logos of our subsidiaries. Each member in our network is strengthened and enhanced as an independent company. At the same time, it is clear that our businesses and companies belong to a strong group. This portrays HeidelbergCement as a powerful and successful global player. While the new corporate design has already been introduced at Group level, our subsidiaries worldwide will implement the necessary changes during this year.

Research and development

Group-wide network

Customer orientation and market proximity are the key factors in demand-related research and development work. By following this principle, research is carried out in an application-orientated way in all our business lines and applied to the development of new products. In the last year, we have invested approximately EUR 47 million in total in the Group for research and development. 540 employees work in this area.

Active knowledge management at Group level means regular exchange of new ideas and solutions, transfer of successful product developments and working jointly on projects. As a result of such close collaboration, we are able to reduce development times and costs and to make optimum use of synergies within the Group. Our internal network for fundamental research and development work is complemented by cooperation with universities and research institutes throughout the world.

Sustainable product development

Sustainability is the focus for basic research and product development at HeidelbergCement. This means, in particular, manufacturing products with the greatest possible conservation of natural raw materials. Researching and optimising the lifespan of cement and concrete types - mainly those with a high content of additives such as blast furnace slag, fly ash and pulverised limestone - form a central focal point for research cooperation in Germany and in the Netherlands. The findings flow immediately into the development of new products such as composite cements in the Netherlands and Norway, or high quality cement types containing blast furnace slag in Poland and Germany.

In collaboration with Swedish universities, we are investigating the effects on the environment of using alternative raw materials and fuels during the entire life cycle of products (Life Cycle Assessment). The complete utilisation of all dusts arising from the production process is also of great significance for a sustainable development of products. A Group-wide project is dedicated to this topic and is being carried out jointly with universities.

Modern concrete applications

Our main aims with the further development of self-compacting concrete in the European and North American markets are to extend application possibilities and to make processing easier. The base for self-compacting concrete is a new generation of superplasticisers based on polycarboxylates, which are being developed by our product group Addiment. HeidelbergCement owes its international leading position to the practical experiences gained from numerous large projects in Scandinavia and from extensive use in the production of pre-fabricated concrete products in the Netherlands. A panel of experts ensures that experiences in the development of suitable cement types and binders as well as in the optimisation of formulae are exchanged throughout the Group.

Our subsidiary Heidelberger Beton contributes with its new "Flowcrete" product range to the general trend towards easily processable concretes. The properties of these concrete types range from flowable to self-compacting.

They facilitate cost-saving processing. Similarly, the manufacturing of very fine, highly congested reinforced components considerably extends the application spectrum for concrete as a building material.

Products for special customers

The production of large-scale, crack-free concrete floors made from steel fibre concrete is the result of a development project, which we have carried out in Norway together with a building contractor. Our concrete manufacturing companies in Germany, the Netherlands, Belgium and Sweden have also set a goal, as a collaborative project, to extend the field of application for steel fibre concrete.

In Germany, we have developed new cement types for the production of concrete products, which provide increased security against efflorescence and discoloration in addition to optimum processing. In this way we are taking into account the specific wishes of a customer segment, which accounts for 15% of our cement sales volumes. We are in the process of developing additional cement types, which are adjusted selectively to the needs of specific customers. As a result of numerous training sessions and workshops, and through the publication of product and quality information on the Internet sites of our participations in several European countries, we are realigning ourselves increasingly to the expectations of our customers.

New products and applications

Our Swedish subsidiary Optiroc has developed a new concept for sound-proof floors. Included in this concept, apart from appropriate fluidised floor finishes, are calculation and planning aids for building contractors. At present Optiroc is also developing a comprehensive overall concept for bathrooms. Here the new tile-laying mortar, "Multidur", from the German Deitermann - a product group of our subsidiary Heidelberger Bauchemie - plays a specific role. "Multidur" has a high chemical, mechanical and thermic resistance and is therefore suitable for replacing products based on epoxy resin.

The dry mortar company, Heidelberger maxit, has developed a clay plaster for biological residential construction, which is also used for the restoration of protected, historical buildings. A new lightweight fibre plaster with high thermal insulation also originates from Maxit. An additional fabric insert can be dispensed with through the addition of fibre.

Our subsidiaries CBR in Belgium and ENCI in the Netherlands have jointly optimised cement types for specific geotechnical applications - such as pollutant immobilisation and ground stabilisation. In the meantime, these cement types achieve sales volumes of more than 50,000 tonnes per year.

The Swedish subsidiary Euroc Beton AB developed special tanks on a base of prestressed concrete components with up to 33,000 cubic metres capacity and new military protective installations.

Environmental precaution

Sustainable development for our future

Environmental protection is a central aspect of our operations. For this reason, we have anchored the goal of steady and sustainable development in our Corporate Mission.

Heidelberg Cement supports the principle of "sustainable development", which is based on balancing economic, ecological and social aspects. We sponsor the preparation of an international study by the World Business Council for Sustainable Development on "sustainable development in the cement industry". The study has been created by the renowned, independent Battelle Institute, Columbus/US, and should be completed in the course of 2002. It will show possible solutions for worldwide sustainable development in the cement industry. One important aspect of such a development is the conservation of resources. HeidelbergCement employs secondary fuels and substitute raw materials consistently, and therefore does equal justice to both economic and ecological goals. Therefore the use of secondary materials is one of the main statements in our Corporate Mission.

In Germany, HeidelbergCement takes part in an initiative involving more than 20 major companies and organisations from various industries: the forum for sustainable development - econsense. This organisation has set itself the goal of presenting the competence of the German industry in the area of sustainability, and of establishing itself as a partner for dialogue in this area.

As a manufacturer of building materials, we have a vital interest in conserving energy and raw materials also in the future. By using secondary fuels, we reduce our costs and in addition make a contribution to reducing CO_2 emissions, and thus to environmental protection. In 2001, we were able to extend our Group-wide use of meat and bone meal as a secondary fuel in particular. In addition to Belgium, we currently exploit meat and bone meal in two German and two Norwegian cement plants. We have applied for permits for other locations.

All of our German cement plants have been using plastic waste as secondary fuels since 2001. The Czech cement plants at Radotin and Mokrá have also been using plastic waste since 2001 to reduce the share of primary fuels burned.

Climatic protection - a commitment

Climatic protection is a central subject of our time. National and international initiatives have been started to reduce CO_2 emissions. Through its sustainable environmental policy, HeidelbergCement is contributing to the reduction in CO_2 emissions. In addition to using secondary fuels, we have continued to improve production methods in 2001. Thus, the grinding and burning processes have been improved and thereby specific energy consumption reduced. We achieved further savings by the reconstruction of production equipment. In 2001, new, modern kilns came into operation in Lixhe, Belgium, and Union Bridge, Maryland/US, to replace older, less efficient rotary kilns.

Additives from the steel industry, such as blast furnace slag, have already been used for years. In contrast, the use of waste heat for generating electricity is comparatively new. This technology was first used at HeidelbergCement in 1999 at the Lengfurt plant in Germany. It reduces CO_2 emissions at Lengfurt by approximately 7,000 tonnes per year. A further waste heat power station started operations in 2001 in our Swedish plant Slite.

Environmental management system

One important component of our environmental policy is the environmental management system, which documents the organisation of structures and processes. Amongst other things it also serves to detect potential for improvement systematically. We pressed on further with the introduction of the environmental management system in 2001. To date, our cement plants in Sweden, Norway, the United Kingdom, Poland and lastly Germany have been certified according to the ISO 14001 standard for environmental management.

In Germany we were able to integrate the existing ISO 9001 quality management system. The documentation collected now corresponds to both European standards DIN EN ISO 9001 and 14001. HeidelbergCement is the first company in the German cement industry to be certified with an integrated management system for quality and environmental precaution. We will continue to push forward the development of the environmental management system intensively in the coming years.

New waste gas purification equipment

In 2001 we have continued to reduce emissions further by converting or re-developing filters, or by installing new filter equipment. Our Belgian plant Lixhe was equipped with a completely new filter and a "low NO_x burner", which also reduces nitrogen oxide emissions. In America, we have re-developed the kiln exhaust filter at Mitchell, Indiana, and installed a completely new filter at Evansville, Pennsylvania. In Turkey, a new filter at the Çanakkale plant reduced emissions. We have installed equipment to uti-lise outgoing air at the Büyükçekmece plant. Waste process heat from cooler exhaust air is used to heat water. We have also facilitated a more equal and efficient production process at the Büyükçekmece plant by investing in the stabilisation of the power supply. A new electro-filter ensures that dust is removed from the cooler exhaust air at the German plant Burglengenfeld.

HeidelbergCement - environmental report 2002

Environmental reports from the individual regions or plants provide evidence of the prime importance of environmental protection at HeidelbergCement. We will now emphasise this importance with an environmental report for the entire Group. It will be published this year and provide detailed information on our environmental protection activities.

Current development in 2002

In an effort to further focus on our core business of cement and concrete, we are considering the selling of the building materials operating lines grouped under the management unit "Heidelberger Baustoffe Europa" (HBE). The decision emerging from the considerations about the selling of this management unit to strategic investors or to financial investors will not be taken before this year's summer.

HeidelbergCement in Indonesia

It was indeed one the most important decisions made in recent years: since April 2001 HeidelbergCement has also made a stand in Indonesia. With the takeover of the majority share in Indocement, the second largest cement manufacturer in the Southeast Asian island state, with a capacity of just under 16 million tonnes, the decision was taken to have a strong presence in one of the fastest growing regions in the world.

Around 225 million Indonesians - the fourth largest country in the world in terms of population - live in a state of breathtaking cultural and scenic variety. Almost 14,000 islands stretch in a 5,000 km long arc on both sides of the equator. Rain and fog forests cover 62% of the country. Numerous volcanoes such as Krakatoa have achieved sad fame because of their devastating eruptions. The people on the approximately 1,000 inhabited islands live primarily from farming. Green rice fields shape the fertile plains.

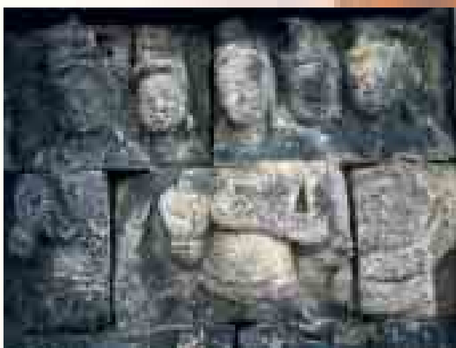
Although around 90% of Indonesians are Muslims - the only island with a majority of Hindus is Bali - one often comes across evidence of the Buddhist inheritance, such as the legendary Borobudur temple complex on Java, an evidence of the skill of the ancient, Indonesian master builders.

Rice is the basic food in Indonesia.

Balinese temple dancers embody the country's Hindu tradition.

But Indonesia also has a modern face that shows itself primarily in the capital Jakarta, with over 15 million inhabitants. This booming metropolis, with its spectacular skyscrapers, luxurious shopping malls and ever increasing traffic, is a symbol of the will of Indonesians to move forward with great diligence and energy, and to achieve affluence in spite of all the difficulties.

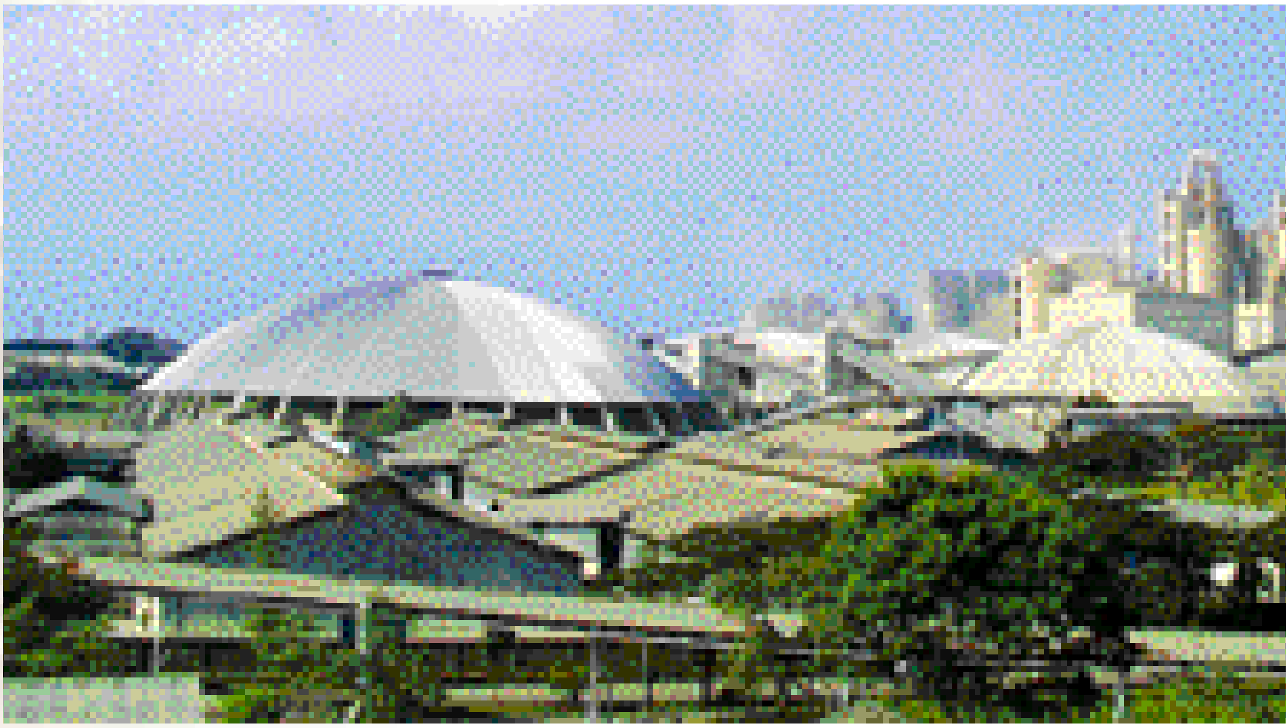
The Buddhist Borobudur temple is one of the world's most spectacular buildings.



The unusual gabled buildings on Sumatra are amazing.

The participants at the renowned Balinese Kecak dance fall into a trance.

The financial and economic crisis in Asia in 1997, and the internal political turmoil that followed have hit Indonesia hard. The incredibly high foreign debt causes most of the problems in this country, which primarily exports oil and industrial intermediate goods. However, gross domestic product increased in 2001 by 3.5%, and the devaluation of the rupiah to the US dollar was just 8%. One can assume that after political stabilisation and democratisation, the economy will continue to recover. Also the per capita cement consumption, which in 1996 was around 140 kg and fell to under 100 kg as a result of the crisis, is now increasing again considerably and in 2001 once again achieved a volume of 110 kg.

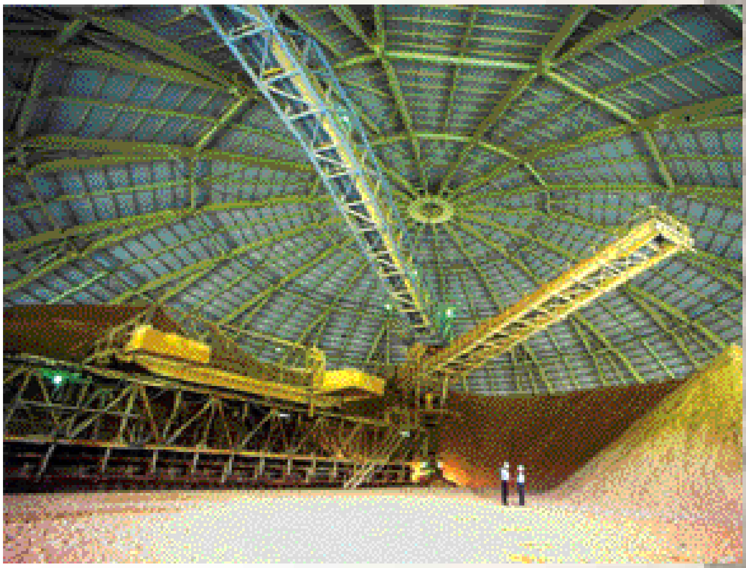


Citeureup cement plant near Jakarta.

HeidelbergCement will participate in this expected upturn through its involvement with Indocement. The financial expenditure for the acquisition of 61.7% of the shares amounted to USD 380 million, of which half is borne by HeidelbergCement. WestLB financed the other 50%. Most of the remaining shares belong to the Indonesian government and the Salim Group, the former majority shareholder. The three plants with a total of 7,300 employees are located extremely well and have state-of-the-art technology. The largest plant is located very close to the capital Jakarta and the newest plant completed on Borneo in 1999 has its own deep-sea harbour. In 2001, the company was already able to achieve a capacity utilisation of 75%. We expect a significant increase in 2002.

In Jakarta construction is booming.

Citeureup - harbour facility.



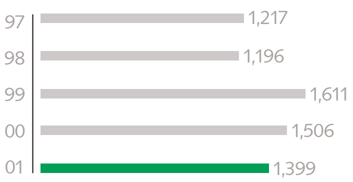
Citeureup - raw materials blending bed.

Scaffolding made from bamboo is tried and tested.

HeidelbergCement on the market

Central Europe West

Turnover in EURm



Construction investments soon to bottom out

Germany remains at the bottom of the European table with economic growth of 0.6% in 2001 and barely higher expectations for the current year. The decrease in construction investments by 5.7% was largely caused by the negative growth in residential construction. Additional factors were significantly lower construction activity by local authorities and weak commercial demand. Some alleviation is expected in the second half of 2002, which will affect Western Germany first and foremost. In Eastern Germany, a large decrease is anticipated once again.

In Austria, the slowing demand in new residential building and further reductions in public sector construction due to tight budget funding resulted in a decrease in construction investments of 2.2%. As no major changes are expected in the underlying situation, a minus of 1% must be anticipated for 2002.

Switzerland managed a slight increase in construction investments thanks to large infrastructure projects, which should continue in 2002 also.

Cement business line

Declining cement shipments

In 2001, the domestic sales volumes in the German cement industry decreased again. Compared with the previous year, they fell by 12.4%, to around 28 million tonnes. The early onset of winter further reinforced this downward trend in December. In Western Germany, the decrease amounted to 11.6%, whereas in Eastern Germany it even reached 15.6%.

Domestic cement and clinker sales volumes for our six cement plants in south Germany decreased by 12.9%, to 4.7 million tonnes. After the pro rata inclusion of Anneliese AG, shipments in Germany amount to 5.4 million tonnes. After inclusion of exports, which were likewise lower in the last year, total cement and clinker sales volumes for the region, at just under 5.8 million tonnes, fell by 12.7%. Cement imports from Eastern Europe - including shipments from the Slovak Republic in particular - have greatly decreased in the last year.

The approval procedure for extending the quarry at the Mainz-Weisenau cement plant is running according to plan. We expect approval to be granted towards the end of 2002. Plans are being drawn up for the modernisation of the production installations, which will then be required.

Our cement plant in Leimen received approval for the extension of the raw materials extraction area in December 2001. As a result, the supply of raw materials has been secured up to 2030.

In the Schelklingen cement plant, the new dispatch building was completed as the first stage of an ongoing automation of shipping.

The Kiefersfelden cement plant has established a rail freight unloading facility for coal. The transfer of transport capacity from the road to the rail not only promotes environmental protection, but also reduces costs. In order to

Even people in the ancient world knew about the significance of well-constructed transportation routes - such as in Pompeii, Italy. Modern civilisation is also based on mobility and quick accessibility. Transportation arteries determine the rhythm of our lives.

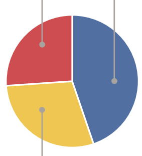
Turnover by business lines

EURm	2000	**2001**
Cement	447	**401**
Concrete	376	**388**
Building materials	724	**646**
Intra-Group eliminations	-41	**-36**
Total turnover	1,506	**1,399**

Key data

EURm	2000	**2001**
OIBD	244	**192**
Operating income	123	**68**
Investment in tangible fixed assets	94	**73**
Tangible and intangible fixed assets	1,235	**1,147**
Employees	8,233	**7,644**

Turnover 2001: EUR 1,399 million



increase the proportion of secondary fuels, a facility was opened for the use of waste plastic. The grinding installation was modernised with a new cement mill.

At the Lengfurt cement plant, a plan for 24-hour customer-collection has been implemented. As a result customers can switch to low-traffic times, with shorter handling times. In addition, the construction of a new clinker silo was started in the autumn of 2001, which should be completed by the middle of 2002.

The Burglengenfeld cement plant has installed a new filter system. As a result, a greater use of secondary fuels is possible, which is a target in our permanent cost optimisation process.

The six German cement plants belonging to HeidelbergCement were the first in the sector to be certified according to an integrated management system for quality and environment. The resulting documentation fulfils the requirements for the European standards DIN EN ISO 9001 and 14001. At the same time, HeidelbergCement is taking on the role of a pacesetter in the cement industry with site-related environmental reports.

Development of participations

In 2001, the domestic sales volumes of **Anneliese Zementwerke AG** were below the previous year by 15.8%, at 1.7 million tonnes. The weakening market conditions in the cement-processing industry have greatly impaired the earnings position of all the company's business lines. Turnover of the Anneliese group decreased by 12.6% to EUR 189.9 million. In the concrete pipe operating line, the ongoing restructuring measures put a noticeable strain on results. Profit for the financial year fell by more than half, to EUR 8.2 million (previous year: 18.1) due to the decreased production and the lower usage of capacities.

The Anneliese group will consistently continue in the current year with its measures to adjust to the further weakening sales volumes. This will likewise affect the personnel structure.

The building materials group **Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH** has performed well in the difficult market environment and achieved a profit for the financial year at the same level as the previous year. This was only possible through tight cost management. At the same time the proportion of secondary fuels was increased, and production capacities in the ready-mixed concrete and brick operating lines were optimised. In addition, since last year, activities in the concrete products operating line have been carried out within a strategic alliance together with a partner. Sales volumes for both cement plants in Rohrdorf in Bavaria and Eiberg in Tirol, Austria, amounted to 900,000 tonnes. In the current year, further improvements in the cost structure will remain predominant.

Sales volumes for the **ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG** fell by just under 8%, to 250,000 tonnes. This decrease corresponds to the development of this industry in southwest Germany. On the other hand, sales volumes in the energy sector rose marginally, whereby turnover increased in total by 2% to EUR 86.9 million. As electricity purchasing costs in the same period showed a small, disproportionate increase, the profit for the financial year reduced slightly compared with the previous year.

Concrete business line

Structure in ready-mixed concrete optimised

The urgently needed reduction in production capacities in the German ready-mixed concrete industry moves sluggishly forward.

Our subsidiary, Heidelberger Beton, has further optimised its structures. It has streamlined its participations by disposing of small, uneconomic locations. Heidelberger Beton is orientating itself towards customer requirements and is continuously improving the quality of its products. Acquisitions and cooperations only serve to strategically protect strong market positions. Measures to reduce costs mainly affected the areas of personnel and capacities of ready-mix trucks.

In the ready-mixed concrete operating line, approximately 30% of activities are included in the consolidated Group annual accounts. The total sales volumes of the 380 ready-mixed concrete plants - including all the non-consolidated participations - fell in 2001 by just under 13% to 9.1 million cubic metres. The sales volumes decrease in Western Germany was 8.6%, while in Eastern Germany it was just under 23%. There were losses in the special building materials - caused by decreasing residential construction. However, few products in the floor finish line showed welcome increases.

Greater nationwide marketing of concrete products

Slowing construction investments in Germany also impairs the concrete products operating line. The strong decrease in demand, particularly in building construction, caused an underutilisation of capacities industry-wide and consequently a considerable drop in the level of prices.

Our concrete products operating line has performed well compared with the sector average. However it was not possible to completely compensate for the reduction in average revenues of more than 10% in some parts. The consolidation of cross-company competence and coordination in the areas of procurement, IT management, technology, product development and marketing, which had been introduced in the previous year, was consistently pursued in 2001. Thanks to the successful introduction of the family brands Heidelberger Steinforum (concrete blocks) and Heidelberger Abwassertechnik (sewage technology) as well as the networking of producers of prefabricated concrete elements and systems in the company bwg Betonwerkgemeinschaft, it was possible to extend sales markets nationwide and, as a result, to tap into new turnover and profit opportunities. These measures will have a positive effect in the current financial year in spite of weak economic predictions.

Aggregates with a slight plus

In 2001 too, there was no turn of the tide in the German market for aggregates. Demand for sand and gravel slowed down again by over 10% due to weak construction industry activity.

At the same time, the decrease in Eastern Germany was again significantly higher than in Western Germany.

In this difficult environment, our aggregates operating line has performed very well in 2001. Total shipments increased by 1% to 22.9 million tonnes. In the profitable market in Western Germany, we were able to increase the sales volumes and expand our market share. However, in Eastern Germany - particularly in Mecklenburg-Vorpommern - there were two-digit losses in some areas.

We have further optimised the plants in order to counter high excess capacities, particularly in Eastern Germany. We have grouped together the aggregates activities in northeastern Germany. Since last November, the distribution for several Group-owned companies has been carried out by our participation Mibau Baustoffhandel. Through this measure we tap into additional market potential, offer our customers a good service despite difficult market circumstances, and further reduce distribution and logistics costs. In 2002, further strategic alliances are planned in Eastern Germany in order to save costs and adjust capacities to the decreasing demand.

Building materials business line

Building chemicals maintain market position

HeidelbergCement's building chemicals operating line offers a wide range of products and systems. This includes additives for the production of concrete and mortar, and products and systems for the reconstruction and maintenance of concrete buildings as well as sealing compounds, fixative foams, and adhesives.

In the domestic market, our subsidiary Heidelberger Bauchemie recorded significant drops in turnover. However, compared with the market average, the drops for the most important product groups were not as drastic. Business development abroad was mixed. Slight growth in Benelux and in Turkey contrasted with decreases especially in Poland. Nevertheless, overall turnover abroad was maintained at a high level.

The streamlining measures and cost reduction programmes already introduced in 2000 were continued and further developed in 2001. As a result, it was possible to improve operating income in spite of the fall in turnover.

The formation of a distribution company in Romania will strengthen export trade. The sale of building chemicals products via the building materials trade, which was carried out hitherto in a separate sales operating line, was consolidated in the Deitermann product brand.

Dry mortar operating line realigned

The market situation in the dry mortar operating line, characterised by weak demand and excess capacities, resulted in necessary adjustment measures in 2001, in order to preserve this operating line's competitive position. Plant closures and redundancies were unavoidable in order to reduce costs. Henceforth, with an optimised organisational structure, it will be possible to react faster to changing market circumstances, and to better utilise rationalisation potential. As a manufacturer with acknowledged high technical competence in the dry mortar business, construction site logistics and machine technology, our subsidiary Maxit offers a broad range of products and services with strong customer and service orientation. A large network of plants guarantees low-freight deliveries.

Synergy effects can be achieved in research, development and administration, as a result of the integration of the pan-European activities of the building materials manufacturers Maxit, Optiroc, Beamix and Heidelberger Bauchemie in the new international management unit, Heidelberger Baustoffe Europa (HBE).

Sand-lime bricks better than market average
The decrease in completed dwellings by 20% to 335,000 units had negative repercussions on the sand-lime brick industry. The market for sand-lime bricks in Germany fell by around 20% to 2.8 million pieces.

HeidelbergCement's sand-lime brick operating line has remained much steadier than the market average in spite of decreases in sales volumes of approximately 10%. Restructuring measures, combined with capacity closures, lead gradually to an adjustment of the supply to suit demand.

We have procured good conditions for expanding our market position with the increase in production of large-format KS-Quadro bricks, and the reorganisation across Germany of the consulting structure for architects and planners. The introduction of new energy-saving regulations in 2002 opens up further potential for sand-lime bricks.

Cost reduction in the lime operating line takes effect
Turnover for this operating line remained stable in 2001. Declining volumes delivered to the construction sector and to the steel industry were offset by growth in the special applications business - environmental protection and specialised civil engineering. Exports to Switzerland and France developed positively too.

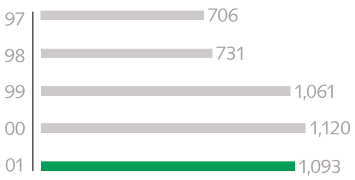
Measures to reduce costs, which were introduced in the past, particularly in the energy sector, had a positive effect on results.

At the Regensburg plant in Bavaria a new facility site for the production of high-grade pulverised limestone and limestone grains went into operations. Non-recurring repair expenditure, which adversely affected the results in 2001, will have a favourable impact on production costs at the plant in the next few years.

The Istein plant in southern Baden will be more fully utilised in 2002, due to the acquisition of the idle lime production plant belonging to Maxit at Merdingen.

Western Europe

Turnover in EURm



Declining construction activity

While construction investments in the Netherlands and Belgium decreased by approximately 2%, the gross domestic product in both countries rose slightly by around 1%. In the United Kingdom, both construction and economic activity improved by around 2.5%.

In reaction to the 10% fall in residential construction activity, the Dutch government established its own working team in order to find innovative solutions for this sector. In Belgium, public sector construction in particular was affected by a decrease of 9%. In the United Kingdom, a plus of 10% in public sector construction contrasts with a minus of 5% in residential construction.

In France, economic growth in the past year reached approximately 2%.

Cement business line

Decrease in demand for cement

Following a growth phase lasting several years, the demand for cement fell in Belgium and in the Netherlands for the first time by 6% to 11.6 million tonnes. The cement sales volumes of our Belgian and Dutch subsidiaries, CBR and ENCI, decreased by 6.7%, to 6.2 million tonnes. This also includes the sales volumes of white cement from Harmignies in Belgium, whose demand at home and abroad was almost 7% lower.

Both countries see themselves exposed to considerable pressure from cheap imports primarily from Italy, Asia and the Middle East. Our subsidiaries counter this difficult situation with measures to increase productivity and reduce costs - particularly in the energy sector. This means especially increasing the use of substitute fuels such as sewage sludge or meat and bone meal in order to cut down on non-renewable fossil fuels. In view of the high temperatures in the cement kilns, these substitute fuels are burned without polluting and without impairment to the cement quality.

In the past year, we have continued the modernisation programme with increased investment expenditure to rationalise clinker production and the cement grinding plants in Belgium. This programme, which will come to a conclusion in the current year, helps us to reduce costs and ensure that our Belgian plants have the ability to compete. We expect the first positive results in 2002. In the summer of 2001, a new, efficient dry kiln started operation at the Lixhe plant. As a result, the old wet kiln will be closed down. Following the increase in grinding capacity in the Gent plant this year, we will shut down production of the obsolete grinding plant at Mons. Unfortunately, personnel reductions were inevitable in connection with these measures. However, it was possible to arrange this in a socially responsible way with the aid of a social compensation plan, which had already been agreed with trade union representatives in 1999.

Stable conditions in the United Kingdom

In the United Kingdom, the demand for cement decreased slightly in 2001 following an increase in 2000. The cement sales volumes of Castle Cement, at 3.2 million tonnes, remained stable at the previous year's level. As a result, our sub-

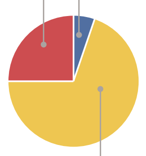
Turnover by business lines

EURm	2000	2001
Cement	810	**789**
Concrete	301	**289**
Building materials	82	**85**
Intra-Group eliminations	-73	**-70**
Total turnover	1,120	**1,093**

Key data

EURm	2000	2001
OIBD	271	**240**
Operating income	140	**109**
Investment in tangible fixed assets	112	**152**
Tangible and intangible fixed assets	1,581	**1,604**
Employees	4,450	**4,406**

Turnover 2001: EUR 1,093 million



sidiary succeeded in maintaining its position in a market, which is characterised by significant alterations in the participation structure.

Investments rose in 2001. A comprehensive programme of asset improvement is planned for the coming year. The key projects are above all the closure of the obsolete wet kilns for clinker production and the increased use of substitute fuels. The wet kilns in the Padeswood plant will be replaced by a new dry kiln. At the same time, the capacity of the dry kiln in Ribblesdale will be increased. The investment projects in Padeswood still have to be approved by the Welsh authorities. A decision is expected shortly.

Vicat - successful development

Last year, the turnover of the French Vicat group rose by 20%, to EUR 1.4 billion. More than half of the turnover was earned abroad. One reason for this welcome growth is the inclusion for the first time of the Swiss company Vigier, which was acquired by Vicat at the start of 2001, and which has increased its turnover by 6.7% compared with the previous year.

In France, turnover of Vicat improved by 7.6% due to a slight increase in sales volumes and higher prices. At the same time, Vicat worked hard to systematically reduce costs - mainly by greater use of substitute fuels.

In North America, the previous year's turnover level was reached again, although prices weakened slightly. Extensive investment measures ended in 2001, which have resulted in an increase in capacity to 1.1 million tonnes in the Californian plant at Lebec. In Turkey, on the other hand turnover dropped by 19.5% due to the economic crisis. The turnover figures in Senegal rose gratifyingly by 16.6%. There, a second clinker production line started operation last year and as a result, capacity increased to 1.8 million tonnes. Further investments in Senegal were carried out to reduce costs and to protect the environment.

Concrete business line

Decrease in ready-mixed concrete

Sales volumes, at 4.6 million cubic metres, were 17% below the previous year. The Netherlands and Belgium were both affected by lower demand. In particular, delays in large projects - such as the construction of the line for the Paris-Amsterdam high-speed train - resulted in drops in sales volumes in the Netherlands. Belgium suffered particularly badly from heavy competitive pressure. Further measures were taken to reduce costs and increase productivity in order to improve results. The first results from these measures are encouraging. Investments in the ready-mixed concrete operating line involved first and foremost the modernisation of existing production plants and the replacement of ready-mix trucks.

Weakening of aggregates activities
The delays in large construction projects, in particular the construction of the Brussels-Liege high-speed railway line, also had an adverse effect on the aggregates business. The deliveries of aggregates such as sand and gravel in Belgium and to Northern France weakened by 7%, to 11 million tonnes.

As the extraction of gravel in the Belgian province of Limburg must be suspended by the end of 2005, it is necessary to compensate for the shortfalls in quantity with other aggregates - limestone amongst others. This trend has already been evident for the past two years. The sales volumes of lightweight aggregates reached the level of the previous year. The main investments in the aggregates operating line went into the replacement of quarry trucks and loaders, the improvement of production sites - such as the Quenast site - and new software and preparation for certification in accordance with ISO 9001-2000.

Building materials business line

Restrained development for dry mortar
The dry mortar business of our subsidiary Beamix was somewhat weaker last year in Belgium and in the Netherlands. The product range is being extended on a continuing basis in order to increase sales volumes and to be able to respond in a more focused way to specific customer wishes. Heavy competitive pressure impaired revenues and, therefore, results. Consequently, we are continually implementing measures in order to reduce costs and increase productivity. In this context, the integration of Beamix into the newly established European dry mortar association, "Heidelberger Baustoffe Europa" (HBE), is of prime importance.

Investments in the dry mortar sector went mainly into the replacement of production equipment.

Northern Europe

Turnover in EURm

Varied construction activity in Northern Europe

General economic developments in Northern Europe were weaker in 2001 than the year before. Gross domestic product increased in Sweden, Finland, Norway and Denmark by around 1%. However, with the exception of Sweden, which experienced a plus of 4%, building activities fell in these countries. The main increases in Sweden were recorded in residential construction, building construction and civil engineering. After a period of stabilisation in 2000, construction investments in Norway fell again. Growth in residential and public construction was not able to compensate for the negative trend in other construction sectors. After years of economic growth in Finland, the decline in the second half of 2001 had also a negative effect on the construction industry. Weaknesses were observed primarily in residential and industrial construction. The situation in Denmark was similar; building activities fell here too. In the Baltic States and especially in Estonia the building economy grew faster than the previous year.

Cement business line

New plant in Russia

Cement consumption in Sweden and Norway reflected the general situation in the construction industry. Cement consumption increased in Sweden by around 3%, whereas it decreased in Norway by around 2%.

In Northern Europe, HeidelbergCement operates three cement plants in Sweden, two in Norway and one in Estonia. At the end of last year, we added a further location near Saint Petersburg. By acquiring a majority stake in the Cesla plant, which has a cement capacity of 1.3 million tonnes, we expanded our market position in the Baltic States and Northwest Russia.

In the Northern Europe region, overall cement sales volumes in 2001 were 5.1 million tonnes, 2.1% lower than in the previous year. Although domestic sales volumes in Sweden increased by 2.7% to 1.4 million tonnes, our deliveries in Norway fell by 5.2% to just under 1.1 million tonnes. Developments in exports were just as varied. Norwegian cement exports increased whereas Swedish ones fell. However, overall exports of cement and clinker fell, compared to 2000, by 4.6% to 1.9 million tonnes. 44% of Swedish and Norwegian clinker and cement production were sold abroad. The main recipient countries were the US and Nigeria. The Kunda cement plant in Estonia achieved an increase in sales volumes of just under 1% in spite of a slight fall in exports. The share of volumes exported was over 62%. The results of the cement business line were weaker than in 2000. The main reasons for this were increased maintenance and oil costs in Sweden, the weaker Norwegian market and the strong euro in comparison to the Swedish krona.

Our subsidiary Scancem Energy and Recovery (SEAR) operates production sites that process substitute fuels for cement production in the United Kingdom, Sweden and Norway. Last year 200,000 tonnes of substitute fuels were produced from the waste products of other industrial areas such as solvents, waste oil, used tyres and plastic waste.

Concrete business line

Improved results

In addition to ready-mixed concrete and aggregates in Sweden and Norway, the concrete products operating line with locations in Sweden, Finland, Denmark, Poland, and Portugal also belongs to the concrete business line.

Whereas the Swedish ready-mixed concrete market grew by 10%, mainly due to strong demand in Stockholm and Gothenburg, Norwegian sales volumes fell by around 14%.

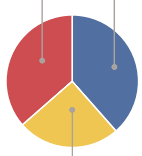
Turnover by business lines

EURm	2000	2001
Cement	381	**361**
Concrete	452	**446**
Building materials	547	**483**
Intra-Group eliminations	-46	**-43**
Total turnover	1,334	**1,247**

Key data

EURm	2000	2001
OIBD	220	**200**
Operating income	91	**79**
Investment in tangible fixed assets	74	**67**
Tangible and intangible fixed assets	1,562	**1,439**
Employees	7,476	**7,203**

Turnover 2001: EUR 1,247 million



Thus, total shipments for this operating line achieved at just under 1 million cubic metres the same level as in 2000. Aggregates activities in both countries were somewhat weaker. The domestic sales volumes of sand and gravel fell by 0.1 million tonnes to 8.2 million tonnes. A further 1.4 million tonnes were exported by Norway.

The concrete products operating line manufactures prefabricated concrete elements and systems for agricultural, engineering, industrial and residential construction. The Swedish operations achieved a high capacity usage especially in the manufacturing of agricultural prefabricated concrete elements and systems. The Finnish operations also improved their profits despite lower turnover and orders in residential and industrial construction.

The business line as a whole recorded higher profits in national currency, but these were absorbed by the conversion into euros.

Building materials business line

Markets held well

In the building materials business line Optiroc produces a wide range of interior and exterior plaster, floor finish types, and tiling products. They also manufacture lightweight aggregates made from expanded clay for such uses as insulating materials, hydro cultures, land improvement and water treatment. The clay brick operating line was sold at the start of 2001. Optiroc has strong market positions in Northern Europe and in some countries in Southern and Eastern Europe.

The dry mortar markets in Northern Europe stagnated or contracted slightly, except in the Baltic States. In contrast, however, sales volumes in Russia, Spain and Portugal developed with high growth rates. Overall the operating line achieved sales volumes at the same levels as the previous year.

We sold the same volumes of expanded clay as the previous year, even though there were losses in individual markets such as Portugal, Finland and Norway. We expanded capacity in Portugal by bringing a second kiln into operation in November.

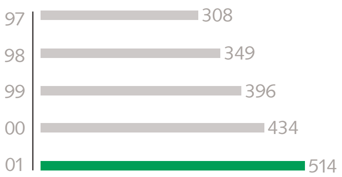
In spite of the sale of the clay brick operating line, the results of the building materials business line improved in Swedish krona.

Under one roof

In the second half of 2001, we consolidated the activities of our building materials subsidiaries Beamix, Heidelberger Bauchemie, Maxit and Optiroc into the new management unit, "Heidelberger Baustoffe Europa" (HBE).

Central Europe East

Turnover in EURm



Economic and market growth continue

The countries in the Central Europe East business region have achieved stable rates of growth in spite of the general economic weakness of their key investment and trading partners. The Czech Republic and Hungary recorded good results with 3.7% and 3.9% growth in gross domestic product, respectively. While Poland slowed to a plus of 1.3%, Romania and Bulgaria both continued their growth with 4.5% and 3.5% respectively.

The construction industry developed into the motor for economic growth in the whole region. The strongest impulses arise from private residential construction in Hungary and contracts for public works in the Czech Republic. The drop in growth in the Polish construction industry was primarily recorded in the non-residential construction sector.

On to success with a new structure

Great success has been achieved by introducing a new organisational structure. We installed regional, operating line-based management, under the leadership of an Executive Committee, which is made up of international and local managers. This new structure improved efficiency and profitability considerably in a challenging market environment.

HeidelbergCement was able to strengthen its leading position steadily in Eastern Europe by raising its shares in participations in the Czech Republic, Romania and Poland as well as entering the Ukrainian market.

Cement business line

Improved results in stable markets

Domestic consumption remained stable in most of the countries in Central Europe East. Only in Poland, demand fell by 20% compared to the previous year. Total sales volumes from our eleven consolidated cement plants increased by just under 6% to 7.5 million tonnes. Here the region's exports decreased considerably to 0.6 million tonnes. Sales volumes in Poland achieved similar levels to those of the previous year in spite of the declining market. The clearest increase in sales volumes was recorded in Hungary. Sales figures in the Czech Republic and Bulgaria remained stable whereas the rise in Romania is due to the first-time inclusion of the Casial Deva plant into the consolidation scope.

Turnover of the Central Europe East region exceeded the previous year by 18.4%. Important factors for the improvement in results include higher productivity, stronger cost management and price increases in numerous markets. Costs were also reduced by the enhancement of cement types with low clinker content, improved energy efficiency and the increased use of secondary fuels. These measures also support our environmental strategy. We complemented our product range in the region with new products such as sulphate resistant cement in the Czech Republic.

Sales volumes of calcium aluminate cement produced in our Croatian special cement plant, located in Pula, remained stable. This plant was thereby able to maintain its position as the second largest supplier of calcium aluminate cement world-wide. Further modernisation measures contributed to improved results.

Investment in tangible fixed assets mainly relate to the building of a new cement mill in Hungary, measures to renew grinding installations as well as loading and unloading facilities in the Czech Republic, and completing the cement grinding modernisation programme in Poland. Further investments included increasing the share of secondary fuels in the whole

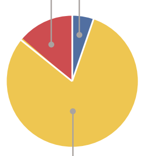
Turnover by business lines

EURm	2000	**2001**
Cement	338	**422**
Concrete	74	**77**
Building materials	33	**30**
Intra-Group eliminations	-11	**-15**
Total turnover	434	**514**

Key data

EURm	2000	**2001**
OIBD	107	**131**
Operating income	56	**68**
Investment in tangible fixed assets	67	**62**
Tangible and intangible fixed assets	634	**732**
Employees	7,448	**7,047**

Turnover 2001: EUR 514 million



region and investment in information technology, including implementation of SAP in Bulgaria and Romania.

An important step towards strengthening HeidelbergCement's leading position in Eastern Europe was the expanding into Ukraine, by taking over a controlling share of 82.8% in the Kryvyi Rih cement plant. The plant is located in a densely populated region of Central Ukraine and has a capacity of 1.2 million tonnes.

Concrete business line

Optimising the network

After the dynamic expansion of the ready-mixed concrete operating line over the recent years, the measures undertaken in 2001 were primarily aimed at optimising the existing network so as to guarantee high capacity utilisation. This was mainly achieved by streamlining the locations, reducing staff and implementing rationalisation measures. We were able to improve delivered volumes to a total of 3.1 million cubic metres. We also compensated the effects on results of considerable sales reductions in Poland with cost-cutting effects from the restructuring programme.

In spite of high losses in Poland, sales volumes of aggregates were only 2% less than their level in the previous year, at 11.7 million tonnes. HeidelbergCement became Romania's leading supplier through the acquisition of further locations. This leading position is also true with regard to quality and technology. The difficult market environment impaired most locations in the Czech Republic, whereas the Hungarian activities are developing satisfactorily.

Building materials business line

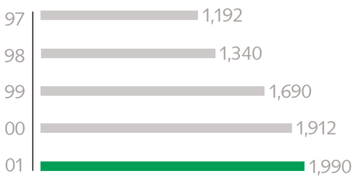
Concentrating on core activities

As part of the detailed restructuring programme in building materials, the dry mortar activities in the Czech Republic and Hungary were divested.

Sales volumes in the lime operating line developed in line with stable market trends. We were able to introduce price rises in all countries. Operating improvements, an optimised distribution of locations and the related increase in capacity usage led to significant improvements in results. The competitive advantages of HeidelbergCement's network can be used more efficiently after the restructuring.

North America

Turnover EURm



Downward trend stopped at the end of the year

In the US, gross domestic product growth in 2001 at 1.1% was noticeably lower than in the previous year. Officially, the US economy entered a recession from March 2001. However, gross domestic product fell only in the third quarter. In December, the unemployment rate reached a six-year high of 5.8%. In the last quarter, however, gross domestic product and the number of newly created vacancies rose again. In the current year, we expect a slight economic recovery from the middle of the year.

The construction industry benefited from strong demand in public construction, especially in the areas of institutional construction and infrastructure. Only road building was the exception. Carried by new residential construction, private building activity recorded a slight increase in spite of a fall in non-residential construction.

With reductions in interest rates, economic development in Canada was similar to that in the US. As a result of the downward trend in the US, export performance fell for four consecutive quarters. In addition to the tax reductions already introduced, the government has decided additional spending. Gross domestic product grew by just 1.3% in 2001, and a similar level is expected for the current year.

We predict only low growth in 2002 for the North American construction industry, but there are signs that construction activity will begin recovering in the second half of the year.

Cement business line

Sales volumes maintained at last year's record level

In 2001, cement consumption in the Unites States was 111 million tonnes. This corresponds to a growth of 1.7% over the previous year. In spite of an increase in domestic production, a large proportion of cement consumption continued to be imported. However, at 25 million tonnes, imports were 13% lower than the previous year. Imports will fall further since additional domestic cement capacity will strengthen inland supply, and total cement consumption will probably fall. Cement consumption in Canada rose in 2001 by 2.1% to 8.4 million tonnes. Overall, we expect North America's cement consumption to drop by 5% in 2002.

Cement sales volumes from our 13 cement plants in North America remained stable compared to the previous year, at 12 million tonnes. Due to our limited capacity and in order to maintain market share, imports of 3.8 million tonnes of cement and clinker were required, primarily to supply the markets on the East Coast and in California. We were able to cover the majority of the imports via Group-internal deliveries from our plants in Scandinavia and Turkey.

The development of the market situation varied in the individual sales regions. In the Northeast and Mideast, high demand enabled us to maintain price levels in spite of heavy competitive pressure. However, sales volumes and prices fell in Florida. In the Midwest and North of the US, demand for cement was also strong, whereas competitive pressure in the Midwest led to lower prices. Texas also recorded increases in sales volumes and reduced prices compared to the previous year. In the Northwest of the United States, the economic recession caused by difficulties in the high technology and space industries based there led to losses in sales volumes. In contrast, the Californian market experienced an increase in volumes, yet connected with pressure on the margins.

Sales volumes of white cement rose compared to the previous year by 2% to 573,000 tonnes, but increased competition put pressure on prices.

In Canada's Prairie Provinces - particularly Alberta - cement sales volumes remained high as a result of positive economic development in the oil and gas industries. Revenues also im-

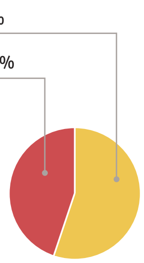
Turnover by business lines

EURm	2000	2001
Cement	1,131	**1,175**
Concrete	931	**962**
Building materials	-	**-**
Intra-Group eliminations	-150	**-147**
Total turnover	1,912	**1,990**

Key data

EURm	2000	2001
OIBD	362	**354**
Operating income	230	**215**
Investment in tangible fixed assets	260	**419**
Tangible and intangible fixed assets	1,571	**1,890**
Employees	6,191	**6,110**

Turnover 2001: EUR 1,990 million



proved after larger volumes were sold on the domestic market instead of being exported. The weak economy in British Columbia also led to slower construction activity and weaker cement demand. Here, prices were under great competitive pressure.

Higher energy prices - especially for electricity and oil - increased production costs in our North American cement plants. Bottlenecks in energy supplies in California forced our two plants located there to switch off the kilns for a short period and to interrupt cement and clinker production. In Canada's Prairie Provinces, increasing energy costs were compensated for by higher prices for cement and building materials.

Union Bridge cement plant in operation

The construction of our new cement plant at Union Bridge in Maryland was completed according to plan in autumn 2001. This location was completely modernised and extended in just two and half years. Union Bridge is thus one of North America's, and HeidelbergCement's most modern and largest cement plants. The new kiln line started production successfully in October 2001. The four old kilns were stopped in November.

With the new production line the cement capacity was more than doubled to 2 million tonnes per year whilst at the same time production costs were reduced considerably. The new plant stands for the most modern production technology, high quality standards and, last but not least, for environmental protection. The increase in capacity will reduce the need for imports in this region.

Concrete business line

Varied development

At EUR 962 million, 44% of total Group turnover in the concrete business line was earned in North America.

The demand for ready-mixed concrete, aggregates and concrete products varied across the regions. However, in total, it fell compared to the previous year.

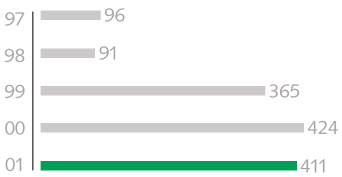
Ready-mixed concrete and aggregate activities in Florida benefited from higher prices and lower production costs. However, in Alabama and Georgia, heavy competitive pressure impaired business with ready-mixed concrete and concrete pipes. Sales volumes of ready-mixed concrete in Texas, whereas revenues suffered due to high competitive pressure. Declining activity in residential and public construction also had a direct effect on sales of ready-mixed concrete and aggregates in the Seattle region. Building materials activities in Canada's Prairie Provinces were slightly lower than in 2000. Due to weak construction growth in British Columbia, 1 million tonnes of aggregates were exported to California where the demand for ready-mixed concrete rose.

Total sales volumes of ready-mixed concrete remained stable compared to the previous year, at 6.7 million cubic metres. We have purchased two more ready-mixed concrete plants in California. They increase our annual capacity by 115,000 cubic meters. Acquisitions in Alabama and British Columbia compensate for the sale of a small ready-mixed concrete company in New Jersey at the end of 2001.

At 23.6 million tonnes, aggregate sales volumes were 6% lower than the previous year. All market regions suffered volume losses.

Africa-Asia-Turkey

Turnover in EURm



Africa

Cement business line

Long-term growth potential
In the eleven sub-Saharan countries, in which HeidelbergCement operates, estimated 13 million tonnes of cement were consumed in 2001. Our subsidiaries and associated companies delivered a total of 4.7 million tonnes out of this amount. This corresponds to an increase of 6% over the previous year. Consolidated cement sales volumes fell in 2001 by 4.4% to 2.6 million tonnes.

Angola, Benin, Nigeria, Tanzania and Sierra Leone recorded positive market developments. Our participation in Gabon, purchased last year, also benefited from favourable conditions. In Ghana and Togo the market environment continued to be difficult. In Nigeria, we have concluded the extensive overhaul of the Sokoto plant in the Northwest of the country. Cement production was resumed at the beginning of 2002, and favourable market prospects will further strengthen our position in Africa's most populated country.

Committed employees at all the African plants are working for the continual improvement of measures for environmental protection. They have pushed ahead with the introduction of an environmental management system in accordance with ISO 14001.

Africa offers major, long-term growth opportunities for HeidelbergCement. In order to expand our strong position in the African markets, we will improve the cost-efficiency of our production plants in the current year and intensify marketing activities.

Asia

A region with a future

The economic weakness in the western industrialised countries had no negative impact on the Asian economies, which remained comparatively robust in 2001. Although economic activity slowed down, most Asian countries recorded positive growth for the year. Asia continues to hold great potential for our cement and concrete operations, and remains an extremely attractive area for further investment.

Despite an unstable political and economic situation in Indonesia during 2001, the gross domestic product grew by 3.5%. Now that the political situation has stabilised, we are optimistic that the economy will continue to show improvement in the current year. With a low inflation rate and overall growth of 7%, the Chinese economy continues to show stable improvement. China's accession to the WTO in December 2001 should lead to a boost in reforms and attract more direct foreign investment. After restrained economic development in 2001 in Bangladesh, Brunei and the Philippines, we expect an improvement in the economic situation in the current year.

Cement business line

Strong foothold in Asia
With the acquisition of a majority stake in Indocement, HeidelbergCement has expanded its presence in Southeast Asia decisively. After completing the acquisition in April 2001 together with our financial partner WestLB, we jointly hold 61.7% of the shares in Indonesia's second

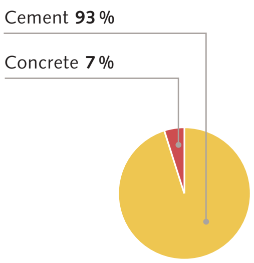
Turnover by business lines

EURm	2000	**2001**
Cement	399	**389**
Concrete	37	**27**
Building materials	-	**-**
Intra-Group eliminations	-12	**-5**
Total turnover	424	**411**

Key data

EURm	2000	**2001**
OIBD	54	**60**
Operating income	17	**21**
Investment in tangible fixed assets	46	**42**
Tangible and intangible fixed assets	517	**518**
Employees	2,552	**2,388**

Turnover 2001: EUR 411 million



largest cement manufacturer. The recently started economic recovery caused cement consumption in Indonesia to increase by 13% in 2001. Indocement maintained its market share and increased domestic sales to 9.2 million tonnes. Using our subsidiary company HC Trading's extensive trading network, exports increased to 2.4 million tonnes. The non-consolidated company's total cement and clinker sales volumes increased by 12.6%, to 11.6 million tonnes.

Indocement has approximately EUR 950 million of debts, which are mainly denominated in US dollar and Japanese yen. Strict financial management has been implemented to reduce the debts. Capital expenditures were limited to the absolute minimum and the disposal of non-core assets has been actively pursued.

The Chinese authorities have started to implement their vertical shaft kiln closure plan and this is beginning to take effect. In the southern province of Guangdong, the total consumption of top-quality rotary kiln cement, as produced by our participation, China Century Cement, was about 13% higher than the previous year. In a very competitive market, the three Chinese plants achieved near full capacity with sales volumes of 2.9 million tonnes. The company, which is consolidated according to the equity method, has undertaken significant cost cutting measures that will improve results considerably. Due to a prolonged project application process, the planned two million tonnes plant in Guangzhou, that should have been in full production by 2004, has been delayed. It should now start production in 2005.

The cement consumption in Bangladesh, which has recorded continuous growth for the last five years, weakened in the second half of the year 2001. In October 2001, HeidelbergCement acquired a further 25% of the shares in the 750,000 tonnes Chittagong grinding plant, increasing its stake to 51%. Our new grinding plant in the capital Dhaka, with a capacity of 750,000 tonnes, started production in August 2001. The main marketing area is in and around the capital, where HeidelbergCement already has a significant market share established with imported cement.

The sales volumes of our Philippine grinding plant Limay Grinding Mill Corp. were affected by the continued pressure of imports. However, the impact of the 15% reduction in sales volumes was more than offset by higher sales prices. We expect increasing cement consumption as well as falling imports in 2002.

We were able to maintain cement sales volumes from our grinding plant in Brunei at the same level as 2001. Results have improved as a consequence of cost reduction measures, product diversification and modest price increases.

In the United Arab Emirates we operate the Ras-Al-Khaimah cement plant via a management company with a contract period of 27 years. In addition, we have a 40% participation in a sales company, which supplies cement for the oil industry.

Total cement sales volumes from our consolidated plants in Bangladesh, Brunei and Philippines fell by just under 10%, to 1.0 million tonnes.

Concrete business line

Expansion of ready-mixed concrete
In Indonesia, Indocement's ready-mixed concrete sales volumes recovered significantly in 2001. Although sales prices were higher, profitability was still not satisfactory. The measures that we have initiated to improve operational efficiency will increase profitability.

New competitors in Guangzhou have adversely affected our ready-mixed concrete business in China. Nevertheless, the ready-mixed concrete plants under China Century Cement's and HeidelbergCement's direct investments have out-performed most competitors. HeidelbergCement is continuing with its expansion programme in ready-mixed concrete in order to increase market share and achieve greater synergies. Despite Hong Kong's economic recession, we have achieved our profit targets in this market. Although the economic prospects for Hong Kong in 2002 are not encouraging, efforts are being directed to mitigate the impacts of price erosion by stringent cost cutting measures and synergy savings.

Turkey

Recovery expected

Public sector indebtedness and the structural problems of the banking sector plunged Turkey into the gravest economic and financial crisis since 1945. Gross domestic product shrank by 8% in 2001, and the rate of inflation amounted to 88% at year end. The crisis in the construction industry continued as numerous projects could not be started due to the absence of foreign investments. The billions of credit from the International Monetary Fund approved in February 2002, along with the structural reforms initiated, should contribute to the improvement in the Turkish economy for the current year.

Cement business line

Measures to reduce costs initiated
The crisis in the construction industry resulted in a drop in the Turkish demand for cement by 20% to 25 million tonnes and also affected the sales volumes of our participations, Akçansa and Karçimsa. While exports of cement and clinker almost reached the previous year's volumes, we suffered a decrease in domestic shipments of more than 20%. Therefore, total cement and clinker sales volumes, at 4.0 million tonnes (consolidated volumes: 1.6 million tonnes), remained behind the previous year by 16.1%. Measures to reduce costs and increase productivity will result in improved profitability already in the current year.

The prominent Turkish financial magazine, "Capital", has labelled Akçansa as the 'most admired company in the cement sector in Turkey'.

Concrete business line

Ready-mixed concrete certified
Our Turkish ready-mixed concrete and aggregates activities were also badly affected by the economic crisis. At 1.3 million cubic metres, the sales volumes were much below the level of the previous year. The Akçansa plants were the first in the Turkish ready-mixed concrete sector to be certified in accordance with ISO 9001-2000.

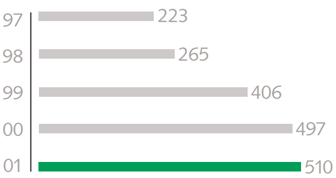
The absence of state infrastructure projects impaired Agregasa's aggregates operating line particularly badly. It predominantly supplies Akçansa's own ready-mixed concrete plants with sand and gravel. Agregasa limited deliveries to external customers in order to avoid payment deficits.

Group Services

Key data

EURm	2000	2001
OIBD	5	**8**
Operating income	2	**5**
Investment in tangible fixed assets	1	**0**
Tangible and intangible fixed assets	45	**47**
Employees	122	**48**

Turnover in EURm



Top position in cement and clinker trade

In spite of the weak global economic situation, our subsidiary HC Trading managed to achieve the same trading volumes as the previous year at 10.6 million tonnes. HC Trading is thus one of the world's largest cement and clinker trading companies.

The company coordinates its trading activities from central offices in Istanbul, Oslo and Singapore, and is constantly expanding its extensive trading network. Nearly half of the volumes delivered came from Group plants. These were coastal locations in Sweden, Norway, Estonia, Turkey and Indonesia. In total, the trading activities already cover more than 50 countries and about 100 destinations. Last year the main recipients were Africa, followed by the US and Mediterranean countries.

HC Trading also offers its customers the necessary logistical support as a service. Our subsidiary operates terminals for loading and unloading the goods and a fleet of over 550 ships, most of them chartered, with a loading capacity of 1,000 to 62,000 tonnes.

Cost-effective fuels for the Group

The Group Services unit also includes the world-wide trade in fossil fuels. Our subsidiary HC Fuels Ltd., based in London, is responsible for the cost-effective purchase of these fuels for the Group's companies in Europe and for the supply of coal and petroleum coke from the world market for our American subsidiary Lehigh. In addition, HC Fuels also supports Lehigh in its purchase of American fuels. HC Fuels currently supplies Group production sites in 14 countries. The European locations alone received 1.5 million tonnes of coal and petroleum coke last year; we expect this to increase in the current year 2002 to 2 million tonnes.

However, HC Fuels is also involved in trading activities for other companies. In 2001, around 350,000 tonnes of coal and petroleum coke were sold to other companies in Europe and the Caribbean.

In 2001, we continued to concentrate on our core business by separating ourselves from our logistics operating line. In March 2001, Kraftverkehr Bayern/Südkraft group was sold to Thiel Logistik AG.

Total turnover for the Group Services unit increased by 2.6% to EUR 510 million (previous year: 497).

HeidelbergCement on the financial markets

Shares and financing

Survey

As in the previous year, more than 10,000 shareholders will receive a dividend payment of EUR 1.15 per ordinary share and EUR 1.26 per preference share. At EUR 3.83, the earnings per ordinary share, according to IAS 33, declined by around 35% compared to the previous year. Adjusted for exceptional effects and depreciation of goodwill the earnings per share decreased by 16%. The share price for the Heidelberg ordinary share increased by 10% compared with the year-end share price for the previous year. The market capitalisation at the year-end amounted to approximately EUR 3.4 billion.

Our Euro Medium Term Note Programme was increased by EUR 1 billion to EUR 3 billion in order to optimise Group financing. We negotiated a SEK 3 billion programme in the Commercial Paper sector in November 2001. The rating agencies Standard & Poor's and Moody's underscored the financial standing of our credit quality with the BBB+ or Baa1 rating for the raising of long-term debt capital, and A-2 and P-2 for short-term debt financing. Our central financial management guarantees an up-to-date identification and assessment of interest rate and currency risks.

Share on a rising trend

The interest of institutional and private investors is once again increasingly directed towards the shares of the so-called Old Economy. Successful consolidation processes in the international cement industry support this trend. In February 2001, the Heidelberg ordinary share reached a peak of EUR 66.75. However, in the course of 2001 our share was caught in the maelstrom of the weakening market conditions in the German construction industry.

Overall the share price development was positive in the reporting year. While the DAX fell by 20% and the MDAX lost approximately 7% within the period of a year, our share was able to achieve a gain of 10%. The index of German construction shares and construction second-line shares quoted on the stock market lost 2% in the same period. In an international comparison, our share beat the world-wide sector index, MSCI World Construction Materials index, which lost approximately 1%.

The Heidelberg ordinary share is represented in 14 European share indexes. As a result, it ranks as one of the most important building materials securities in Europe. It is included, among others, in the MDAX, DAX 100 Construction, Dow Jones Stoxx, Dow Jones Euro Stoxx and in the Dow Jones Construction Titans index. The latter includes the world's 30 biggest construction shares and construction second-line shares. In addition, our share is taken into account in the Morgan Stanley Capital International (MSCI) indices.

Stonehenge near Salisbury, England, a magical place and symbol for man's inventiveness, when builders had to manage with the most basic means. It was only at the time of the Romans that the precursor of modern concrete was developed, which greatly facilitated the planning and construction of monumental buildings.
Small picture: Notre-Dame du Haut near Ronchamp, France.

Key data for Heidelberg shares

EUR per share	2000	2001
Earnings per share (IAS 33)		
Earnings per ordinary share	5.90	**3.83**
Earnings per preference share	6.01	**3.94**
Earnings per share before exceptional effects and depreciation of goodwill		
Earnings per ordinary share	7.05	**5.90**
Earnings per preference share	7.16	**6.01**
Dividends		
Ordinary share	1.15	**1.15***
Preference share	1.26	**1.26***
Shareholders' equity per share	57.20	**60.43**

* Recommendation of the Managing and Supervisory Boards

Development 2001

	Ordinary share*	Preference share*	Total
Year-end share price for the year 2000	49.00	43.00	
Highest share price	66.75	53.00	
Lowest share price	37.00	34.00	
Year-end share price for the year 2001	54.00	40.00	
Development compared with position at 31 Dec. 2000			
Heidelberg ordinary share	**+10%**		
DAX	-20%		
MDAX	-7%		
MSCI World Construction Materials Index	-1%		
Market value at 31 Dec. 2001 (in EUR '000s)	3,112,682	242,000	**3,354,682**

* ISIN	DE0006047004	DE0006047038
* WKN (German security identification code)	604700	604703

Shareholders

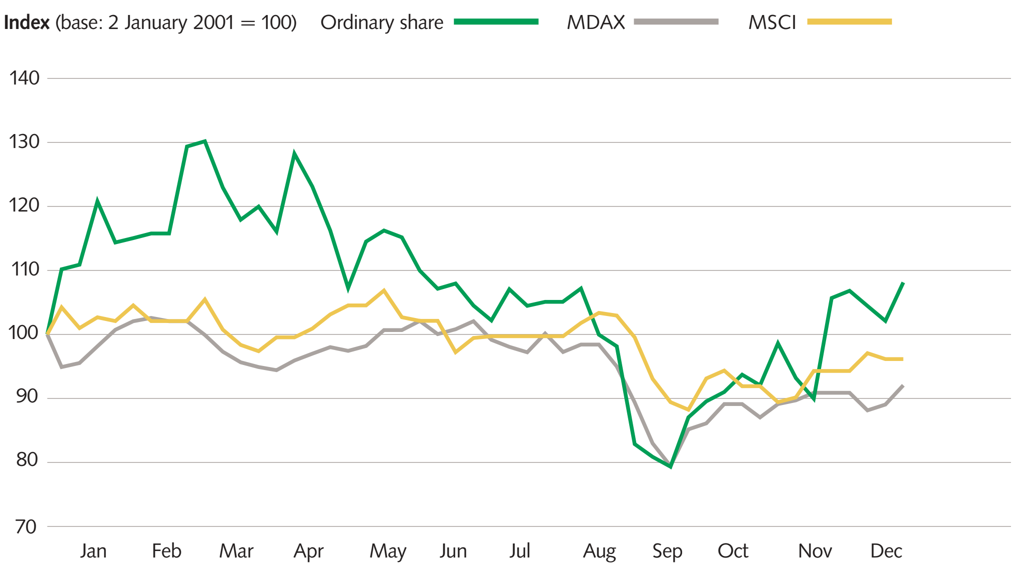
Again in 2001, our company's stable shareholder structure has been tried and tested. The main shareholders are Schwenk Beteiligungen GmbH & Co. KG with 22.0% of the share capital entitled to voting rights, Allianz AG following acquisition of Dresdner Bank with 17.1% and Dr. h.c. Adolf Merckle with 10.4%. Deutsche Bank AG holds an 8.7% share of our company. Approximately 42% of our shares are in free float. Foreign investors hold around 7% of the share capital.

In June 2002, Deutsche Börse AG, which runs the Frankfurt Stock Exchange, will change the index calculation method to free float weighting. At the same time, the index weight of a company will only be determined on the basis of a single share class. The scenario calculation by Deutsche Börse showed that the Heidelberg ordinary share loses one or two places at most within the MDAX ranking using the new weighting method.

Dividend payment

Managing Board and Supervisory Board recommend a dividend of EUR 1.15 per ordinary share and EUR 1.26 per preference share. Thus we carry on our tradition of dividend continuity. The portion of distributed profit per ordinary share rises from 19% in the previous year to around 30% for 2001.

Evolution 2001 of the Heidelberg ordinary share



Tax burden in accordance with the previous corporate tax imputation procedure per income tax rate

	personal income tax rate				
in EUR	0 %	30 %	35 %	40 %	45 %
Gross dividend	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
- Corporate tax 30%	-300	-300	-300	-300	-300
Cash dividend	700	700	700	700	700
- Capital income tax 25%	-175	-175	-175	-175	-175
Net dividend	525	525	525	525	525
Income tax liability					
Taxable income (gross dividend)	1,000	1,000	1,000	1,000	1,000
Income tax liability	0	-300	-350	-400	-450
+ imputable corporate tax	300	300	300	300	300
+ imputable capital income tax	175	175	175	175	175
Tax refund	475	175	125	75	25
Dividend yield after taxes	**1,000**	**700**	**650**	**600**	**550**

Regardless of the solidarity surcharge

Tax burden in accordance with the half-earnings procedure per income tax rate

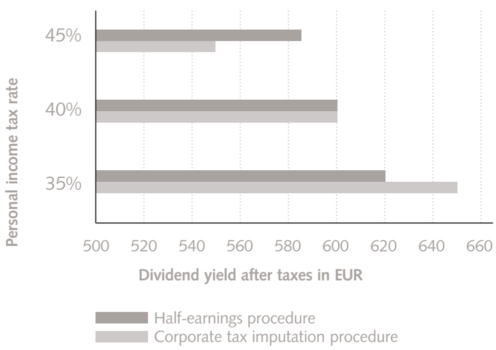
	personal income tax rate				
in EUR	0 %	30 %	35 %	40 %	45 %
Gross dividend	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
- Corporate tax 25%	-250	-250	-250	-250	-250
Cash dividend	750	750	750	750	750
- Capital income tax 20%	-150	-150	-150	-150	-150
Net dividend	600	600	600	600	600
Income tax liability					
Taxable income (1/2 cash dividend)	375	375	375	375	375
Income tax liability	0	-113	-131	-150	-169
+ imputable corporate tax	0	0	0	0	0
+ imputable capital income tax	150	150	150	150	150
Tax refund	150	38	19	0	-19
Dividend yield after taxes	**750**	**638**	**619**	**600**	**581**

Regardless of the solidarity surcharge

Following the final application of the corporate tax imputation procedure in 2001 and the reduction of the corporate tax rate to a standard 25%, the half-earnings procedure applies for shareholders liable to pay income tax from January 2002. This new procedure stipulates that the corporate tax paid by companies amounting to 25% for dividends henceforth must not be offset against in the shareholder's income tax. Only half of the cash dividend is liable for tax.

Comparison of the corporate tax imputation procedure and the half-earnings procedure:

Dividend yield after taxes with a gross dividend of EUR 1,000



Group financial management

The financial management of HeidelbergCement was consolidated into Heidelberger Zement Financial Services AB. The year 2001 was shaped by optimisation and consolidation measures within the financial organisation. The optimised financial organisation will now cater to a greater extent for the requirements of clients from within our Group and increases our flexibility on the capital markets. The measures included, among others, the revision of Group financing guidelines. In addition, the European Medium Term Note (EMTN) Programme, which we had issued in 1996 for the first time, was increased by EUR 1 billion to EUR 3 billion. In November 2001, HeidelbergCement launched another Commercial Paper Programme with a capacity of SEK 3 billion.

The rating agencies Standard & Poor's and Moody's confirmed the positive rating of our credit quality. Standard & Poor's and Moody's again granted a rating of BBB+ and Baa1 respectively for the long-term liabilities of Heidelberger Zement AG in 2001. The rating remains unchanged at A-2 and P-2 for raising short-term debt capital. However, the agencies revised their outlook from stable to negative.

Heidelberger Zement AG share capital: development in 2001

	Share capital (EUR '000s)	Number of ordinary shares
1 January 2001	162,860	57,567,267
Use of Authorised Capital II	192	75,000
31 December 2001	163,052	57,642,267
Ordinary shares (31 December 2001)	147,564	57,642,267
Preference shares (31 December 2001)	15,488	6,050,000
Total (31 December 2001)	**163,052**	**63,692,267**

HeidelbergCement was active in the capital markets during the 2001 financial year. Our company used the limit of the EUR 1 billion Commercial Paper Programme. Furthermore, the market very quickly took up the new SEK 3 billion programme. This type of diversification has proven hitherto to be an important strategy in the context of Group financing. We also used short-term bilateral borrowings and issued a short-term Euro Medium Term Note with a total volume of EUR 400 million, which replaced matured issues of the previous year.

The secondary market trading in our EUR 1 billion bond at 6.375%, with the term 2000/2007, guarantees lasting transparency for HeidelbergCement's long-term credit borrowing. In view of a lower financing requirement compared with the previous year, only a smaller

Key financial ratios

	1997	1998	1999	2000	**2001**
Assets and capital structure					
Shareholders' equity/total capital	39.4 %	40.3 %	31.3 %	33.1 %	**32.7 %**
Net financial liabilities/balance sheet total	20.4 %	20.3 %	35.9 %	37.2 %	**37.4 %**
Long-term capital/fixed assets	90.8 %	97.5 %	106.1 %	106.1 %	**101.7 %**
Net financial liabilities/shareholders' equity	51.7 %	50.4 %	114.7 %	112.3 %	**114.4 %**
Earnings per share					
Price/earnings ratio (ordinary share)	16.8	15.0	14.5	8.2	**14.1**
Price/earnings ratio (preference share)	13.0	12.3	9.8	7.2	**10.1**
Earnings per ordinary share (in EUR)	3.90	4.44	5.38	5.90	**3.83**
Earnings per preference share (in EUR)	4.00	4.54	5.49	6.01	**3.94**
Group growth					
Turnover	12.1 %	5.5 %	63.3 %	6.6 %	**-1.8 %**
Group share in profit	5.2 %	19.1 %	25.2 %	37.4 %	**-34.5 %**
Shareholders' equity	8.5 %	6.1 %	43.1 %	11.7 %	**5.8 %**
Investments in tangible fixed assets (EURm)	360	367	581	654	**817**
Investments in financial fixed assets (EURm)	249	176	3,905	495	**412**
Cash flow (EURm)	561	602	951	911	**788**
Profitability					
Return on total assets	9.3 %	9.7 %	7.8 %	8.2 %	**6.6 %**
Return on equity	11.8 %	12.9 %	11.0 %	11.0 %	**6.6 %**
Return on turnover	6.8 %	7.5 %	5.6 %	5.9 %	**3.8 %**
ROCE (Return on average capital employed)*				8.0 %	**6.6 %**
* ROCE = NOPAT/average capital employed					
Average capital employed (EURm)				9,105	9,799
NOPAT (Net operating profit after tax) (EURm)				727	648

number of bilateral bank loans were taken up by the subsidiary companies - and indeed basically only for refinancing purposes.

The use of falling short-term interest rates in euro and US dollar was an important focal point for strategic financial management. At the same time, our aim was to hold, on a continuing basis, approximately 75% of the Group net indebtedness in the short-term financing sector, and to eliminate all currency exchange risks through hedging operations.

Investor relations

One consequence of the rekindled interest of the investors for the so-called Old Economy is an increasing requirement for information from HeidelbergCement by analysts and both private and institutional investors. Therefore, we have further intensified the dialogue with our investors. We reached approximately 350 contacts through our investor relations events. We have also redesigned our Internet presence. Since September of last year, investors can retrieve detailed information online on the shares, on key figures, on analyst recommendations and on Group strategy.

We contacted institutional investors and financial analysts from all the leading banks in 2001 using the following methods:

- over 100 individual discussions, which took place partly in Heidelberg, but also during road-shows and conferences,
- two analyst conferences for the half-year and annual accounts in Frankfurt and London with approximately 180 guests in total,
- international conference calls for the quarterly accounts and for significant individual topics,
- overall 8 road-shows for investors in Germany, the United Kingdom, France, Belgium, the Netherlands, Ireland, Sweden, and Norway,
- attendance at 5 international specialist conferences for investors,
- dispatch of investor relations information by fax and e-mail.

We offer our private investors the same level of information as the institutional investors and analysts via the following media:

- our Internet site provides news about the company (www.heidelbergcement.com),
- presentations from analyst conferences and conference calls can also be accessed online,
- trained contact people are available for discussion on our shareholder hotline (+49(0)62 21/481-696).

Earnings per share in accordance with International Accounting Standards (IAS 33)

EURm	2000	**2001**
Profit for the financial year	401.4	**255.4**
Minority interests	-28.8	**-11.4**
Additional dividends for preference shares	-0.7	**-0.7**
Total	371.9	**243.4**
Number of shares in '000s (weighted average)	63,010	**63,526**
Earnings per ordinary share in EUR (IAS 33)	5.90	**3.83**
Earnings per preference share in EUR (IAS 33)	6.01	**3.94**

Earnings per share before exceptional effects and depreciation of goodwill

Total (IAS 33)	371.9	**243.4**
Non-operating result after taxes	-47.1	**-18.3**
Reduction of deferred taxes in 2001	-31.2	**-**
Goodwill amortisation	+150.3	**+150.7**
Total	443.9	**375.8**
Earnings per ordinary share in EUR	7.05	**5.90**
Earnings per preference share in EUR	7.16	**6.01**

International Accounting Standards (IAS)

Since the 1998 financial year, we have made use of the opportunity under the German Law on Facilitation of the Capital Acquisition (Kapitalaufnahmeerleichterungsgesetz), and have prepared our financial statements in accordance with IAS. From 1 January 2001 we are applying the new standard IAS 39 (Financial Instruments: Recognition and Measurement). In 2001, no specific amendments have arisen compared with the previous year.

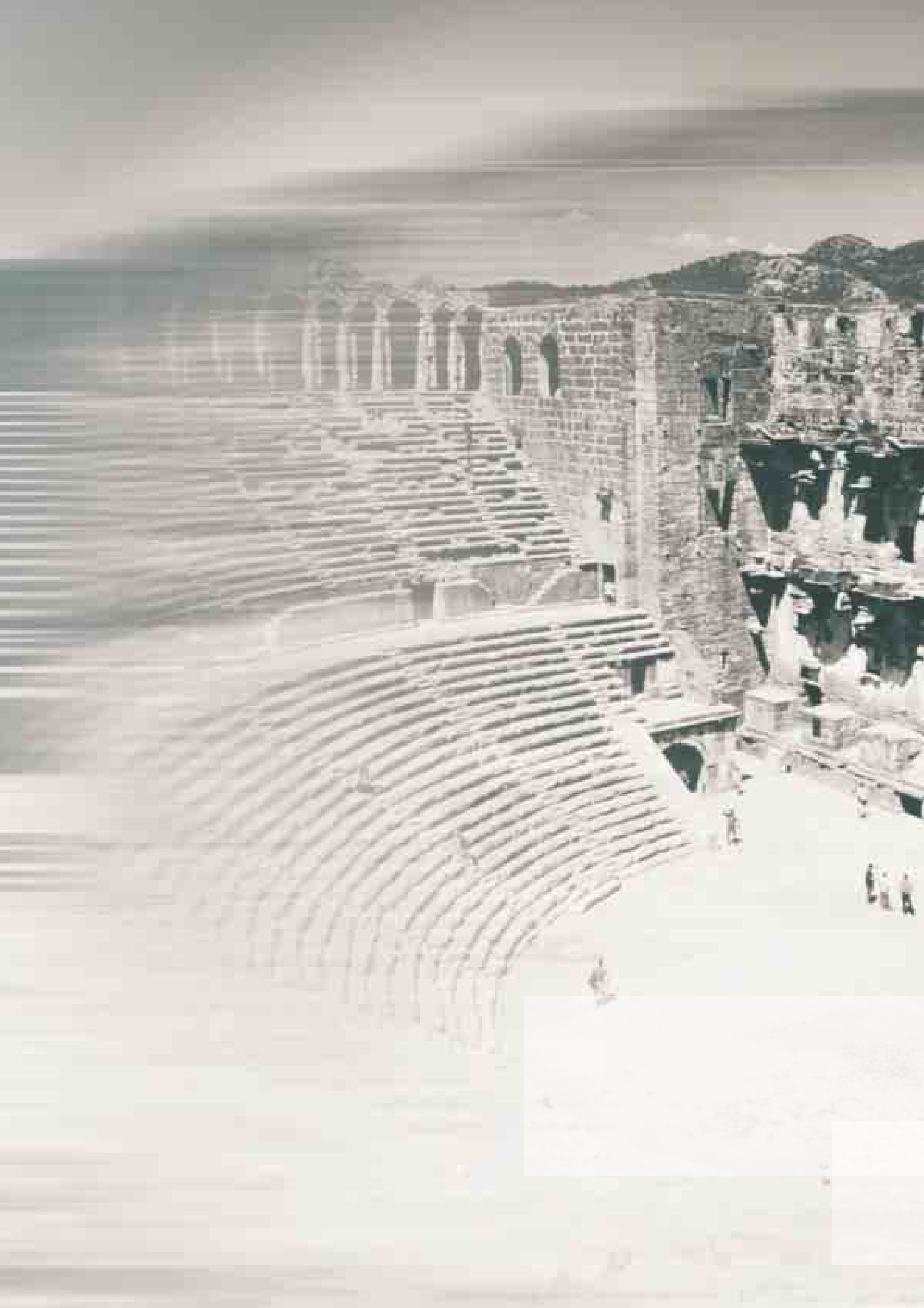
Earnings per share

Earnings per share are shown separately for ordinary and preference shares in compliance with IAS 33 (Earnings Per Share). To determine the average number of shares, additions were weighted in proportion to time. Further comments are provided in the notes under item 10.

Annual accounts of Heidelberger Zement Aktiengesellschaft

The profit and loss account, fixed assets grid and balance sheet of Heidelberger Zement AG can be found on pages 79 to 82.

The complete annual accounts of Heidelberger Zement AG, bearing the unqualified audit opinion of Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft will be published in the German Federal Gazette (Bundesanzeiger) and deposited in the Register of Companies of the Local Court (Amtsgericht) of Heidelberg, HRB No. 82. Copies can be obtained on request from Heidelberger Zement AG.



Group profit and loss accounts

EUR '000s	Notes	2000	2001
Turnover	1	6,808,766	**6,688,815**
Change in stocks and work in progress		31,161	**23,306**
Own work capitalised		8,686	**8,744**
Operating revenues		6,848,613	**6,720,865**
Other operating income	2	196,597	**225,949**
Material costs	3	-2,702,277	**-2,653,993**
Employees and personnel costs	4	-1,348,571	**-1,425,019**
Other operating expenses	5	-1,731,269	**-1,683,249**
Operating income before depreciation (OIBD)		1,263,093	**1,184,553**
Depreciation and amortisation of tangible fixed assets	6	-433,582	**-446,068**
Depreciation and amortisation of goodwill		-150,302	**-150,726**
Depreciation and amortisation of intangible fixed assets		-20,715	**-22,707**
Operating income		658,494	**565,052**
Non-operating result	7	58,900	**22,864**
Results from participations	8	96,564	**69,605**
Earnings before interest and income taxes (EBIT)		813,958	**657,521**
Income from loans		24,532	**22,649**
Other interest receivable and similar income		62,442	**97,362**
Interest payable and similar charges		-326,066	**-385,822**
Profit before tax		574,866	**391,710**
Taxes on income	9	-173,473	**-136,270**
Profit for the financial year		401,393	**255,440**
Minority interests		-28,783	**-11,414**
Group share in profit		372,610	**244,026**
Amount for dividend payment	38	73,912	**73,912**
Earnings per ordinary share in EUR (IAS 33)	10	5.90	**3.83**
Earnings per preference share in EUR (IAS 33)	10	6.01	**3.94**

**Culture contributes to the community and has a unifying force. Each era creates its own cultural sites using the ideas and building materials that are available. Civilisation needs meeting places, such as the amphitheatre in Aspendos, Turkey.
Small picture: New York's Guggenheim Museum.**

Group cash flow statement

EUR '000s	Notes	2000	2001
Operating income before depreciation (OIBD)		1,263,093	**1,184,553**
Non-operating result before depreciation		64,597	**43,491**
Dividends received		49,985	**32,050**
Interest paid		-202,113	**-273,786**
Taxes paid		-220,498	**-252,991**
Elimination of non-cash items	11	-44,044	**54,925**
Cash flow		911,020	**788,242**
Changes in operating assets	12	-233,159	**94,441**
Changes in operating liabilities	13	44,225	**-110,061**
Net cash from operating activities		722,086	**772,622**
Intangible fixed assets		-24,338	**-16,243**
Tangible fixed assets		-629,979	**-800,478**
Financial fixed assets		-428,402	**-412,245**
Investments (cash outflow)	14	-1,082,719	**-1,228,966**
Proceeds from fixed assets disposals		181,909	**160,558**
Cash from changes in consolidation scope		13,672	**10,054**
Net cash used in investing activities		-887,138	**-1,058,354**
Capital increase	15	54,355	
Purchase of company shares		-9,198	
Dividend payments - HZ AG	16	-66,192	**-73,736**
Dividend payments - minority shareholders	17	-11,811	**-14,076**
Proceeds from bond issuance and loans	18	2,377,446	**810,314**
Repayment of bonds and loans	19	-2,174,935	**-355,291**
Cash flow from financing activities		169,665	**367,211**
Net change in cash and cash equivalents	20	4,613	**81,479**
Effect of exchange rate changes		917	**-5,103**
Cash and cash equivalents at 1 January		485,833	**491,363**
Cash and cash equivalents at 31 December		491,363	**567,739**

Group balance sheet

Assets

EUR '000s	Notes	31 Dec. 2000	31 Dec. 2001
Long-term assets			
Intangible fixed assets	21	2,648,597	**2,497,416**
Tangible fixed assets	22		
Land and buildings		1,521,447	**1,568,575**
Plant and machinery		2,298,202	**2,283,885**
Fixtures, fittings, tools and equipment		297,799	**297,172**
Payment on account and assets under construction		378,843	**729,619**
		4,496,291	**4,879,251**
Financial fixed assets	23		
Shares in associated undertakings	24	597,789	**639,400**
Shares in other participations	25	330,507	**478,813**
Loans to participations		60,528	**59,053**
Other loans		95,178	**180,525**
		1,084,002	**1,357,791**
Fixed assets		8,228,890	**8,734,458**
Deferred taxes		25,242	**57,182**
Other long-term receivables		206,278	**196,144**
		8,460,410	**8,987,784**
Short-term assets			
Stocks	26		
Raw materials and consumables		317,917	**345,460**
Work in progress		73,963	**98,388**
Finished goods and goods for resale		295,101	**289,399**
Payments on account		5,144	**10,362**
		692,125	**743,609**
Receivables and other assets	27		
Short-term financial receivables		162,341	**183,331**
Trade receivables		817,356	**739,865**
Other short-term operating receivables		259,736	**198,841**
Current income tax assets		118,271	**217,596**
		1,357,704	**1,339,633**
Short-term investments	28	183,463	**311,983**
Cash at bank and in hand	28	307,900	**391,725**
		2,541,192	**2,786,950**
Balance sheet total		11,001,602	**11,774,734**

Liabilities

EUR '000s	Notes	31 Dec. 2000	31 Dec. 2001
Shareholders' equity and minority interests			
Subscribed share capital	29	162,860	**163,052**
Capital reserves	30	1,517,838	**1,517,838**
Revenue reserves	31	1,732,820	**1,924,103**
Currency translation		104,572	**123,864**
Company shares		-9,198	**-9,198**
Capital entitled to shareholders		3,508,892	**3,719,659**
Minority interests	32	130,153	**129,392**
		3,639,045	**3,849,051**
Long-term provisions and liabilities			
Provisions	33		
Provisions for pensions	34	463,997	**462,677**
Deferred taxes	35	547,016	**528,087**
Other long-term provisions	36	310,976	**289,042**
		1,321,989	**1,279,806**
Liabilities	37		
Debenture loans		1,384,828	**1,309,813**
Bank loans		1,641,611	**1,671,897**
Other long-term financial liabilities		709,446	**747,891**
		3,735,885	**3,729,601**
Other long-term operating liabilities		31,184	**28,554**
		3,767,069	**3,758,155**
		5,089,058	**5,037,961**
Short-term provisions and liabilities			
Provisions	33	75,782	**84,292**
Liabilities	37		
Debenture loans (current portion)		28,805	**76,694**
Bank loans (current portion)		335,294	**809,353**
Other short-term financial liabilities		797,853	**912,380**
		1,161,952	**1,798,427**
Trade payables		466,334	**455,402**
Current income taxes payables		122,505	**96,377**
Other short-term operating liabilities		446,926	**453,224**
		2,197,717	**2,803,430**
		2,273,499	**2,887,722**
Balance sheet total		11,001,602	**11,774,734**

Group equity capital grid

EUR '000s		Capital changes		Changes without effects on results			
	1 Jan. 2001	Increase Decrease	Dividends	Profit for the financial year	Exchange rate	Other changes	31 Dec. 2001
Subscribed share capital							
Ordinary shares	147,372	192					147,564
Preference shares	15,488						15,488
	162,860	192					163,052
Capital reserves	1,517,838						1,517,838
Revenue reserves	1,732,820		-73,736	244,026		20,993*	1,924,103
Currency translation	104,572				19,292		123,864
Company shares	-9,198						-9,198
Capital entitled to shareholders	3,508,892	192	- 73,736	244,026	19,292	20,993	3,719,659
Minority interests	130,153	4,860	-14,076	11,414	-2,253	-706	129,392
	3,639,045	**5,051**	**-87,812**	**255,440**	**17,039**	**20,287**	**3,849,051**

* First-time application IAS 39

Parent company profit and loss accounts

EUR '000s	2000	2001
Turnover	432,332	**387,944**
Change in stocks and work in progress	734	**-843**
Own work capitalised	262	**193**
Operating revenues	433,328	**387,294**
Other operating income[1]	127,068	**114,484**
Material costs	-127,186	**-113,676**
Personnel costs	-133,532	**-133,555**
Depreciation and amortisation of tangible and intangible fixed assets	-26,916	**-26,594**
Other operating expenses[2]	-224,148	**-160,583**
Operating results[3]	48,614	**67,370**
Results from participations	174,957	**205,548**
Income from loans	12,024	**8,973**
Other interest receivable and similar income	14,216	**20,205**
Amounts written off financial fixed assets	-3,661	**-92**
Interest payable and similar charges	-165,984	**-226,655**
Profit on ordinary activities before tax	80,166	**75,349**
Taxes on income	15,326	**-371**
Other taxes	-742	**-643**
Profit for the financial year	94,750	**74,335**
Profit carried forward	161	**177**
Transfer to revenue reserves	-20,999	**-600**
Profit and loss account	73,912	**73,912**

1) Of which non-operating income in EUR '000s: 40,827 (previous year: 65,420)
2) Of which non-operating expenses in EUR '000s: 19,714 (previous year: 85,888)
3) Including the non-operating result, the operating results amount to in EUR '000s: 46,257 (previous year: 69,082)

Parent company balance sheet

Assets

EUR '000s	31 Dec. 2000	31 Dec. 2001
Fixed assets		
Tangible assets		
Land and buildings	103,484	**95,337**
Plant and machinery	25,076	**19,550**
Fixtures, fittings, tools and equipment	12,528	**9,353**
Payments on account and assets under construction	4,571	**7,080**
	145,659	**131,320**
Financial assets		
Shares in affiliated undertakings	5,104,951	**5,024,376**
Loans to affiliated undertakings	194,841	**188,303**
Participations	120,364	**277,715**
Loans to participations	798	
Other loans	13,263	**69,980**
	5,434,217	**5,560,374**
	5,579,876	**5,691,694**
Current assets		
Stocks		
Raw materials and consumables	16,264	**17,871**
Work in progress	7,400	**6,241**
Finished goods and goods for resale	4,201	**4,782**
	27,865	**28,894**
Receivables and other assets		
Trade receivables	8,516	**5,245**
Amounts owned by affiliated undertakings	241,201	**357,330**
Amounts owned by participations	2,142	**3,486**
Other receivables and other current assets	315,178	**220,574**
	567,037	**586,635**
Short-term investment	33,130	**55,701**
Cash at bank and in hand	11,971	**19,420**
Balance sheet total	6,219,879	**6,382,344**

Liabilities

EUR '000s	31 Dec. 2000	**31 Dec. 2001**
Shareholders' equity		
Subscribed share capital	162,860	**163,052**
Capital reserves	1,403,344	**1,403,344**
Revenue reserves		
Ehrhart Schott - Kurt Schmaltz-Trust	511	**511**
Reserve for environmentally responsible maintenance of real asset values	148,507	**149,107**
Reserves for company shares	7,522	**8,289**
Other revenue reserves	106,128	**105,361**
	262,668	**263,268**
Profit and loss account	73,912	**73,912**
	1,902,784	**1,903,576**
Special item with an equity portion	19,250	**1,312**
Provisions		
Pensions	206,642	**210,267**
Taxes	209	**209**
Other provisions	183,296	**193,039**
	390,147	**403,515**
Liabilities		
Bank loans	556,650	**1,027,047**
Trade payables	17,352	**15,347**
Amounts owed to affiliated undertakings	2,921,158	**2,839,893**
Amounts owed to participations	9,602	**9,682**
Other liabilities	402,936	**181,972**
	3,907,698	**4,073,941**
Balance sheet total	6,219,879	**6,382,344**

Parent company fixed asset grid

EURm	Purchase price or production cost					Depreciation		Net book value
	1 Jan 2001	Additions	Disposals	Reclassi-fications	31 Dec. 2001	Cumulative	2001	31 Dec. 2001
Tangible assets								
Land and buildings	559.6	6.1	43.5	1.3	523.5	428.1	10.5	95.4
Plant and machinery	514.3	2.0	27.8	1.2	489.7	470.2	8.7	19.5
Fixtures, fittings, tools and equipment	108.2	5.6	19.0	1.4	96.2	86.9	7.4	9.3
Payments on account and assets under construction	4.7	6.7	0.3	-3.9	7.2	0.1	0.0	7.1
	1,186.8	**20.4**	**90.6**	**0.0**	**1,116.6**	**985.3**	**26.6**	**131.3**
Financial assets								
Shares in affiliated undertakings	5,163.2	85.4	169.8	2.8	5,081.6	57.2	0.0	5,024.4
Loans to affiliated undertakings	199.3	3.4	14.6	2.5	190.6	2.3	0.0	188.3
Participations	124.5	158.1	0.0	-0.7	281.9	4.2	0.0	277.7
Loans to participations	0.8			-0.8	0.0	0.0	0.0	0.0
Other loans	13.8	65.0	4.9	-3.8	70.1	0.1	0.0	70.0
	5,501.6	**311.9**	**189.3**	**0.0**	**5,624.2**	**63.8**	**0.0**	**5,560.4**
Fixed assets	**6,688.4**	**332.3**	**279.9**	**0.0**	**6,740.8**	**1,049.1**	**26.6**	**5,691.7**

Notes to the 2001 Group accounts

Accounting principles

Heidelberger Zement AG, as a listed parent company, made use of the election permitted under Paragraph 292a of the German Commercial Code (Handelsgesetzbuch - HGB) to prepare its Group accounts according to internationally recognised accounting principles. On the basis of this regulation, International Accounting Standards (IAS) were applied.

Since 1 January 2001 we have been applying IAS 39, Financial Instruments: Recognition and Measurement.

The accounts of all companies included in the Group accounts were prepared in accordance with uniform accounting and valuation methods and on the same day as the Group accounts.

In accordance with standard international preparation of Group accounts, reporting begins with the profit and loss accounts. Accounting and valuation methods are disclosed for each respective item. For reasons of clarity, some individual items have been combined in the profit and loss accounts and in the balance sheet. Explanations for these items are contained in the notes. To improve the level of information, the non-operating result has been included separately in the profit and loss accounts and in the segment reporting.

Principles of consolidation

Capital consolidation was performed according to the full fair value method on the basis of the values at the acquisition date. As part of the first consolidation, assets are valued at the inserted current market value and any remaining difference arising from offsetting the participation is shown as goodwill under intangible fixed assets. Goodwill is depreciated as planned and analysed for the necessity of making exceptional depreciation. Income and expenses as well as receivables and payables between consolidated companies have been eliminated. Profits and losses from intra-Group sales were eliminated appropriately.

Shares in all significant associated undertakings were valued in accordance with the equity method. In order to improve the meaningfulness of the presentation of results from participations, proportionate results from associated undertakings were shown before income taxes. The proportionate income tax expense is shown under taxes on income.

Valuation principles

Assets and liabilities are basically evaluated at purchase price or production cost. Certain financial instruments in terms of IAS 39 that are to be rated at market values are excluded and explained on page 115.

The following differences to accounting and valuation methods according to the German Commercial Code exist:

- evaluation of certain financial instruments at market values
- evaluation of provisions for pensions according to the projected unit credit method
- no capitalisation of provisions for expenses (especially provisions for deferred repairs and maintenance)

- calculation of deferred taxes according to the liability method; for revaluations not affecting results (under hyperinflation accounting and the market valuation of financial instruments), an adjustment to deferred taxes is made that does not affect results. Active deferred taxes on fiscal losses brought forward are activated insofar as the use of fiscal losses brought forward is likely.

Foreign currency translation

The accounts of the Group's foreign subsidiaries were converted into euro in accordance with the IAS 21 concept of functional currency. For each subsidiary, the functional currency is that of its country of residence, since all foreign subsidiaries are financially, economically and organisationally independent in the conduct of their business. All fixed assets and other remaining assets, as well as liabilities, were converted using the average exchange rates as of the balance sheet date. This methodology was also applied to the proportional shareholders' equity of foreign associated undertakings. Income and expenses were converted using average annual exchange rates.

Conversion of the annual accounts of companies in Turkey and Romania followed IAS 29 (hyperinflationary accounting). In 2001, the inflation rate in Turkey and Romania reached 88.6% and 30.2%, respectively. During this period, the Turkish lira (TRL) and the Romanian leu (ROL) were devaluated compared to the euro by 107.2% and 15.6%, respectively.

The following key exchange rates were used:

Exchange rates

		Exchange rates at year end		**Average annual exchange rates**	
	Country	31 Dec. 2000 EUR	**31 Dec. 2001 EUR**	2000 EUR	**2001 EUR**
USD	US	0.9396	**0.8895**	0.9235	**0.8961**
CAD	Canada	1.4097	**1.4172**	1.3707	**1.3877**
GBP	United Kingdom	0.6288	**0.6109**	0.6092	**0.6218**
BGL	Bulgaria	1.9561	**1.9592**	1.9481	**1.9387**
HRK	Croatia	7.5926	**7.3713**	7.6401	**7.4086**
NOK	Norway	8.2998	**7.9748**	8.1149	**8.0468**
PLN	Poland	3.8610	**3.5405**	4.0067	**3.6690**
ROL	Romania	24,340	**28,115**	1)	1)
SEK	Sweden	8.8684	**9.3081**	8.4448	**9.2525**
CZK	Czech Republic	35.2710	**31.7150**	35.6099	**34.0505**
HUF	Hungary	265.0800	**244.6000**	260.0478	**256.4167**
TRL	Turkey	623,550	**1,292,300**	1)	1)

1) In accordance with IAS 21.30 (b), the income and expenses are converted using the exchange rates at year end.

Scope of consolidation

In addition to Heidelberger Zement Aktiengesellschaft, the Group accounts include 503 subsidiaries that have been fully or proportionately consolidated, of which 58 are German and 445 are foreign. Proportionately consolidated companies accounted for 6.2% of the revenues and 10.9% of the expenses; they contributed 5.0% and 7.7%, respectively, to the consolidated long-term and short-term assets. In addition, 3.6% of debt capital (IAS 31) was apportioned to these companies.

The scope of consolidation changed compared with 2000 in that the four German ready-mixed concrete enterprises TBG Lieferbeton Nahe GmbH & Co. KG, Idar-Oberstein; TBG Transportbeton GmbH & Co. KG Naabbeton, Nabburg; TBG Transportbeton Oberlausitz GmbH & Co. KG, Zittau, and TBG Transportbeton Rheinhessen GmbH & Co. KG, Bingen/Rhine are included for the first time. Furthermore, the following companies were included in the Group annual accounts for the first time: Casial Deva S.A., Deva/Romania; Tarim AS, Tallin/Estonia; Jarva Tarim AS, Tallin/Estonia, the holding companies HeidelbergCement Romania B.V., 's-Hertogenbosch/Netherlands and Lehigh United Kingdom Ltd., Birmingham/United Kingdom. Baustoffwerke Dresden GmbH & Co. KG, Dresden, Björdal Sandindustrie a.s., Hoyanger/Norway, and the brick operating line of Optiroc Group AB, Sollentuna/Sweden were withdrawn from the consolidation scope. Furthermore, Sodexcar S.A., Brussels/Belgium was merged with S.A. Cimenteries CBR, Brussels/Belgium. Baustoffwerke Brieselang/Brandenburg GmbH & Co. KG, Brieselang; maxit Baustoffwerke Nord GmbH & Co. KG, Klein-Schulzendorf; maxit Baustoffwerke West GmbH & Co. KG, Mannheim, and maxit Baustoff- und Kalkwerk Mathis GmbH, Merdingen were merged with Heidelberger maxit GmbH, Breisach.

PT Indocement Tunggal Prakarsa Tbk., Jakarta/Indonesia (31% share) was not included in the Group annual accounts because it operates under restrictions which significantly impair its ability to transfer funds to the Group (IAS 27.13 b).

Affiliated undertakings that have an insignificant impact on the true and fair representation of the Group's net worth, financial position, and results were not consolidated. Their turnover volume represented 5% of total Group turnover.

The complete list of our shareholdings, accompanied by all legally required information, will be filed with the trade register of the local court (Amtsgericht) in Heidelberg.

The following partnerships are consolidated in the Group annual accounts of Heidelberger Zement AG and are therefore subject to the statutory exemption regulations:

Heidelberger Grundstücksgesellschaft mbH & Co. KG, Heidelberg;
maxit Baustoffwerke Fittschen GmbH & Co., Buxtehude;
Franken maxit Mauermörtel GmbH & Co., Azendorf;
maxit Dämm- und Fassadentechnik GmbH & Co., Kahla;
TBG Betonwerk Prignitz GmbH & Co. KG, Weisen;
Kalksandsteinwerk Saale Dreieck GmbH & Co. KG, Groß Rosenburg;
Walhalla Kalk GmbH & Co. KG, Regensburg;
BLG Transportbeton GmbH & Co. KG, Munich;
BWG Betonwerke Fuchs GmbH & Co. KG, Chemnitz;
BWG Betonwerke Himmelsberg GmbH & Co. KG, Schweinitz;
TBG Fertigbeton Saar GmbH & Co. KG, Saarbrücken;
Hornbach Kläranlagen GmbH & Co. KG, Hagenbach/Palatinate;
TBG Transportbeton Lüssen GmbH & Co. KG, Bremen;
Schmitt & Weitz Baustoffwerke GmbH & Co. KG, Kleinostheim;
BG Lieferbeton Aschaffenburg GmbH & Co. KG, Aschaffenburg;
TBG Lieferbeton Nahe GmbH & Co. KG, Idar-Oberstein;
TBG Transportbeton und Betonpumpendienst GmbH & Co. KG, Berlin;
TBG Transportbeton GmbH & Co. KG Donau-Naab, Burglengenfeld;
TBG Transportbeton GmbH & Co. Franken KG, Nuremberg;
TBG Transportbeton und Betonpumpendienst GmbH & Co. KG, Gera;
TBG Transportbeton Kurpfalz GmbH & Co. KG, Eppelheim;
TBG Transportbeton GmbH & Co. Lübben, Lübben;
TBG Transportbeton GmbH & Co. KG Naabbeton, Nabburg;
TBG Transportbeton Neuper GmbH & Co. KG, Rostock;
TBG Transportbeton GmbH & Co. Niederbayern, Fürstenzell;
TBG Transportbeton Oberlausitz GmbH & Co. KG, Zittau;
TBG Transportbeton Rheinhessen GmbH & Co. KG, Bingen/Rhine;
TBG Transportbeton Saalfeld GmbH & Co., Saalfeld;
Transportbeton - Industrie GmbH & Co. KG, Rostock;
Wika-Beton GmbH & Co. KG, Stade.

Principal shareholdings

Affiliated companies

Central Europe West

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
Heidelberger Zement International Holding GmbH (HZI), Heidelberg	1993	264	100.0	HZ
Concrete				
Baustoffwerke Wittmer + Klee GmbH, Waghäusel	1991	1	100.0	HB
BLG Betonlieferungsgesellschaft mbH, Munich	1959	1	100.0	HB
BWG Fuchs GmbH & Co. KG, Mittelbach	2000	1	100.0	HB
BWG Himmelsberg GmbH & Co. KG, Schweinitz (Elster)	1996	2	100.0	HB
Heidelberger Beton GmbH (HB), Heidelberg	1959	6	100.0	HZ
Heidelberger Kläranlagen GmbH & Co. KG, Hagenbach/Palatinate	1986	1	100.0	HB
Sandwerke Biesern GmbH, Penig	1992	1	100.0	HBW
Scan Beton Industrie GmbH	1999	3	100.0	HB
Schmitt & Weitz Baustoffwerke GmbH & Co. KG, Kleinostheim	1991	8	100.0	HB/HZ
Société des Entreprises Rudigoz S.A.S., Meximieux/France	1991	3	100.0	MAX
TBG Transportbeton GmbH & Co. Franken KG, Nuremberg	1984	1	100.0	HB
TBG Transportbeton Lüssen GmbH & Co. KG, Bremen	1994	2	100.0	HB
TBG Transportbeton GmbH & Co. KG Niederbayern, Fürstenzell	1985	4	100.0	HB
TBG Transportbeton Neuper GmbH & Co. KG, Rostock	1991	3	100.0	HB
TBG Transportbeton Oberlausitz GmbH & Co. KG, Zittau	2001	1	75.0	HB
TBG Transportbeton und Pumpendienst GmbH & Co. KG, Berlin	1991	3	100.0	HB
TBG Transportbeton und Pumpendienst GmbH & Co. KG Gera, Gera	1991	1	100.0	HB
WIKA-BETON GmbH & Co. KG, Stade	1994	2	73.9	HB
Building materials				
Heidelberger Baustoffwerke GmbH (HBW), Durmersheim	1960	38	100.0	HZ
Heidelberger Bauchemie GmbH, Heidelberg	1990	34	100.0	HZ
Heidelberger maxit GmbH (MAX), Breisach	1999	16	77.0	HZ
Hunziker Kalksandstein AG, Brugg/Switzerland	1992	11	51.6	HBW
Moldan Maxit GmbH, Kuchl/Austria	1971	*	76.3	MAX
Walhalla Kalk GmbH & Co. KG, Regensburg	1970	1	79.9	HZ
Société Mosellane d'Anhydrite S.A.S., Faulquemont/France	1992	5	100.0	MAX

Western Europe

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
S.A. Cimenteries CBR (CBR), Brussels/Belgium	1993	150	100.0	HZ/HZI
CBR International Services S.A., Brussels/Belgium	1993	869	100.0	CBR
ENCI N.V. (ENCI), 's-Hertogenbosch/Netherlands	1993	3	100.0	CBR/HZ
CBR Asset Management S.A., Luxembourg/Luxembourg	1993	*	100.0	CBR
Scancem Group Ltd. (SGL), Birmingham/United Kingdom	1999	113	100.0	HZ
Castle Cement Ltd., Birmingham/United Kingdom	1999	115	100.0	SGL
Concrete				
MEBIN B.V., 's-Hertogenbosch/Netherlands	1993	10	100.0	ENCI
Building materials				
Beamix Holding B.V., Eindhoven/Netherlands	1993	*	100.0	ENCI

Northern Europe

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
NEWCEM Holding AB (NEW), Malmö/Sweden	1999	*	100.0	HZ
Scancem AB (SCAN), Malmö/Sweden	1999	144	100.0	NEW
Cement Norden AB (CN), Danderyd/Sweden	1999	65	100.0	SCAN
Cementa AB, Danderyd/Sweden	1999	21	100.0	SCAN
Norcem AS, Oslo/Norway	1999	21	100.0	SCAN
Atlas Nordic Cement Ltd. Oy (ANC), Virkkala/Finland	1999	27	75.0	SCAN
Kunda Nordic Cement Corp., Kunda/Estonia	1999	24	100.0	ANC
Concrete				
Euroc Beton AB (EB), Växjö/Sweden	1999	5	100.0	SCAN
Euroc Rudus Beton AB (ER), Stockholm/Sweden	1999	5	100.0	SCAN
Abetong Precon AB, Växjö/Sweden	1999	1	100.0	EB
Betongindustri AB, Stockholm/Sweden	1999	*	100.0	ER
Norbetong AS, Oslo/Norway	1999	15	100.0	SCAN
Sand & Grus AB Jehander, Stockholm/Sweden	1999	1	100.0	ER
Swedish Rail System AB SRS, Ystad/Sweden	1999	*	100.0	SCAN
Building materials				
Optiroc Group AB (OR), Sollentuna/Sweden	1999	5	100.0	SCAN
Optiroc AB, Sollentuna/Sweden	1999	1	100.0	OR
Optiroc Oy Ab, Kärköla/Finland	1999	9	100.0	OR
Optiroc A.S., Oslo/Norway	1999	1	100.0	OR

Central Europe East

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
Casial Deva S.A., Deva/Romania	2000	36	86.2	HZ
CBR Baltic B.V. (CBRB), 's-Hertogenbosch/Netherlands	1993	52	100.0	HZ
Ceskomoravský Cement, a.s. (CMC), Beroun/Czech Republic	1991	31	100.0	CBRC
Górazdze Cement S.A. (GOR), Chorula/Poland	1993	27	99.4	CBRB
ISTRA Cement International AG, Pula/Croatia	1993	34	92.5	HZ
MOLDOCIM - S.A. Bicaz, Bicaz/Romania	1998	63	86.5	HZ
Zlatna Panega AD, Zlatna Panega/Bulgaria	1997	16	99.9	HZ
Concrete				
CBR Construction Materials B.V. (CBRB), 's-Hertogenbosch/Netherlands	1993	4	100.0	HZ
Beton Mix Brno, a.s., Brno/Czech Republic	1993	1	66.0	TBGB
Spojené sterkovny à piskovny, a.s., Brno/Czech Republic	1993	64	98.8	CBRC/CMC
Zielonogórskie Kopalnie Surowców Mineralnych S.A., Zielona Góra/Poland	1996	*	100.0	GOR
Opolskie Kopalnie Surowców Mineralnych S.A., Opole/Poland	1998	10	99.9	GOR
TBG Bohemia Group (TBGB), Beroun/Czech Republic	1993	9	100.0	CMC
CGS Beton Polska Group, Opole/Poland	1996	14	100.0	GOR
Building materials				
Duna-Dráva Mészmüvek Kft., Vác/Hungary	1989	2	100.0	HZ

North America

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
Lehigh B.V. (LBV), 's-Hertogenbosch/Netherlands	1993	*	100.0	HZI/CBR
Heidelberg Cement, Inc. (HCI), Wilmington/US	1977	486	100.0	LBV
Lehigh Portland Cement Co. (LEH), Allentown/US	1977	484	100.0	HCI
Calaveras Cement Co., Concord/US	1993	215	100.0	LEH
Allentown Cement Co., Inc., Fleetwood/US	1999	1	100.0	LEH
Continental Cement of Florida, Fort Lauderdale/US	1999	8	100.0	SGL
Lehigh Portland Cement Limited (LPCL), Calgary/Canada	1993	35	100.0	LBV
Inland Cement Limited, Calgary/Canada	1993	*	100.0	LPCL
Tilbury Cement Limited, Delta/Canada	1993	*	100.0	LPCL
Concrete				
Sherman International Corp., Birmingham/US	1994	45	100.0	LEH
Africa-Asia-Turkey				
Cement				
Scancem International AS (SI), Oslo Norway	1999	2	100.0	SCAN
Ciments du Togo S.A., Lomé/Togo	1999	1	100.0	SI
Ghacem Ltd., Accra/Ghana	1999	1	94.5	SI
Sierra Leone Cement Corp. Ltd., Freetown/Sierra Leone	1999	1	50.0	SI
Société Nigérienne de Cimenterie, Malbaza/Niger	1999	1	93.0	SI
Liberia Cement Corporation, Monrovia/Liberia	1999	2	63.7	SI
Cimbenin S.A., Cotonou/Benin	1999	3	52.4	SI
Cimcongo S.A., Pointe Noire/Republic of Congo	2000	3	70.0	SI
Limay Grinding Mill Corporation, Makati City/Philippines	1998	5	94.9	ENCI
Chittagong Cement Clinker Grinding Company Ltd., Chittagong/Bangladesh	2000	5	51.0	ENCI
Scancement International Ltd., Dhaka/Bangladesh	2000	20	62.2	SI
Group services				
HC Trading B.V., 's-Hertogenbosch/Netherlands	1996	*	100.0	CBR

Proportionately consolidated undertakings

Central Europe West

	since	Sub. capital EURm	Holding in %	Parent company
Cement				
Anneliese Zementwerke AG, Ennigerloh	1984	27	41.4	HZ
Concrete				
EWH Verwaltungs- und Beteiligungs GmbH, Cadenberge	1993	*	50.0	HBW
Western Europe				
Concrete				
Gralex S.A. (GRL), Brussels/Belgium	1993	5	50.0	CBR
Inter-Beton S.A., Brussels/Belgium	1993	2	96.6	GRL
Northern Europe				
Concrete				
Parma Betonila Oy, Forssa/Finland	1999	10	50.0	EB

Central Europe East	since	Sub. capital EURm	Holding in %	Parent company
Cement				
Duna-Dráva Cement Kft., Vác/Hungary	1989	69	50.0	HZ

North America

Cement				
Texas-Lehigh Cement Co., Buda/US	1986	76	50.0	LEH
Glens Falls Lehigh Cement Co., Glens Falls/US	1999	83	50.0	LEH
Concrete				
Campbell Concrete & Materials, L.P., Cleveland/US	1998	102	50.0	LEH

Africa-Asia-Turkey

Cement				
Akçansa Çimento Sanayi ve Ticaret A.S. (AC), Istanbul/Turkey	1996	146	39.7	CBR
Karçimsa Çimento Sanayi ve Ticaret A.S., Karabük/Turkey	1996	9	51.0	AC
Butra Heidelberger Zement Sdn. Bhd., Muara/Brunei	2000	15	50.0	ENCI
Concrete				
Agregasa Agrega Sanayi ve Ticaret A.S., Akatlar/Turkey	1998	20	39.7	CBR

Associated undertakings

Central Europe West

Cement				
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH, Rohrdorf	1968	11	32.3	HZ
ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG, Heilbronn	1972	19	27.4	HZ
Concrete				
Kronimus AG, Iffezheim	1991	10	24.9	HZ
Building materials				
Marmoran AG, Volketswil/Switzerland	1984	1	50.0	HZ

Western Europe

Cement				
Vicat S.A., Paris/France	1968	30	35.0	HZ
Ciments Luxembourgeois S.A., Esch-sur-Alzette/Luxembourg	1993	25	24.9	CBR

Africa-Asia-Turkey

Cement				
Bonny Holding Ltd., Port Harcourt/Nigeria	1999	4	40.0	SI
Nova Cimangola S.A.R.L., Luanda/Angola	1999	38	24.5	SI
Tanzania Portland Cement Company Ltd., Dar Es Salaam/Tanzania	1999	5	41.0	SI
Cement Company of Northern Nigeria Plc, Sokoto/Nigeria	2000	2	48.0	SI
Société des Ciments du Gabon, Libreville/Gabon	2000	29	75.0	SI
China Century Cement Limited, Guangzhou/China	1995	*	30.0	CBR

* Subscribed capital under EUR 0.5 million

Segment reporting

Regions (Primary reporting format under IAS 14 No. 50 ff.)

EURm	Central Europe West		Western Europe		Northern Europe	
	2000	**2001**	2000	**2001**	2000	**2001**
External turnover	1,493	**1,383**	1,120	**1,089**	1,263	**1,168**
Inter-region turnover	13	**16**		**4**	71	**79**
Turnover	1,506	**1,399**	1,120	**1,093**	1,334	**1,247**
Change to previous year in %		*-7.1 %*		*-2.4 %*		*-6.5 %*
Operating income before depreciation (OIBD)	244	**192**	271	**240**	220	**200**
in % of turnover	*16.2 %*	*13.7 %*	*24.2 %*	*22.0 %*	*16.5 %*	*16.0 %*
Depreciation	121	**124**	131	**131**	129	**121**
Operating income	123	**68**	140	**109**	91	**79**
in % of turnover	*8.2 %*	*4.9 %*	*12.5 %*	*10.0 %*	*6.8 %*	*6.3 %*
Results from participations	72	**60**	8	**8**	5	**6**
Non-operating result						
Earnings before interest and income taxes (EBIT)	195	**128**	148	**117**	96	**85**
Investments (1)	94	**73**	112	**152**	74	**68**
Segment assets (2)	1,235	**1,147**	1,581	**1,604**	1,562	**1,439**
OIBD in % of segment assets	*19.8 %*	*16.7 %*	*17.1 %*	*15.0 %*	*14.1 %*	*13.9 %*
Segment liabilities (3)	791	**756**	469	**502**	364	**410**
Employees	8,233	**7,644**	4,450	**4,406**	7,476	**7,203**

Business lines (Secondary reporting format under IAS 14 No. 68 ff.)

EURm	Cement		Concrete		Building materials	
	2000	**2001**	2000	**2001**	2000	**2001**
External turnover	3,105	**3,148**	2,166	**2,167**	1,348	**1,205**
Inter-business line turnover	401	**389**	5	**22**	38	**39**
Turnover	3,506	**3,537**	2,171	**2,189**	1,386	**1,244**
Changes to previous year in %		*0.9 %*		*0.8 %*		*-10.2 %*
Operating income before depreciation (OIBD)	853	**800**	258	**242**	147	**135**
in % of turnover	*24.3 %*	*22.6 %*	*11.9 %*	*11.1 %*	*10.6 %*	*10.9 %*
Investments (1)	417	**607**	145	**136**	91	**74**
Segment assets (2)	5,102	**5,257**	998	**1,022**	1,000	**1,051**
OIBD in % of segment assets	*16.7 %*	*15.2 %*	*25.9 %*	*23.7 %*	*14.7 %*	*12.8 %*

(1) Investments = in the segment columns: tangible and intangible fixed asset investments; in the reconciliation column: financial fixed asset investments
(2) Segment assets = tangible and intangible fixed assets
(3) Segment liabilities = liabilities and provisions; the financial liabilities are recorded in the reconciliation column.

Notes on segment reporting

Certain principal items of information are presented by regions and business lines in accordance with the segment reporting rules of IAS 14. Segment reporting corresponds with the Group's internal management reporting.

In the business lines, we combine operating lines that are in related markets. The concrete business line, for example, contains the operating lines ready-mixed concrete, concrete products, and aggregates. The building materials business line contains the

Central Europe East		North America		Africa-Asia-Turkey		Group Services		Reconciliation		Group	
2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**
420	**501**	1,912	**1.990**	403	**389**	198	**169**			6,809	**6,689**
14	**13**			21	**22**	299	**341**	-418	**-475**		
434	**514**	1,912	**1,990**	424	**411**	497	**510**	-418	**-475**	6,809	**6,689**
	18.4 %		*4.1 %*		*-3.1 %*		*2.6 %*				*-1.8 %*
107	**131**	362	**354**	54	**60**	5	**8**			1,263	**1,185**
24.7 %	*25.5 %*	*18.9 %*	*17.8 %*	*12.7 %*	*14.6 %*	*1.0 %*	*1.6 %*			*18.5 %*	*17.7 %*
51	**63**	132	**139**	37	**39**	3	**3**			604	**620**
56	**68**	230	**215**	17	**21**	2	**5**			659	**565**
12.9 %	*13.2 %*	*12.0 %*	*10.8 %*	*4.0 %*	*5.1 %*	*0.4 %*	*1.0 %*			*9.7 %*	*8.4 %*
	-9	6	**7**	5	**3**		**-5**			96	**70**
								59	**23**	59	**23**
56	**59**	236	**222**	22	**24**	2		59	**23**	814	**658**
67	**62**	260	**420**	46	**42**	1		495	**412**	1,149	**1,229**
634	**732**	1,571	**1,890**	517	**518**	45	**47**			7,145	**7,377**
16.9 %	*17.9 %*	*23.0 %*	*18.7 %*	*10.4 %*	*11.6 %*	*11.1 %*	*17.0 %*			*17.7 %*	*16.1 %*
107	**101**	489	**438**	163	**119**	82	**72**	4,898	**5,528**	7,363	**7,926**
7,448	**7,047**	6,191	**6,110**	2,552	**2,388**	122	**48**			36,472	**34,846**

Group Services		Reconciliation		Group	
2000	**2001**	2000	**2001**	2000	**2001**
190	**169**			6,809	**6,689**
307	**341**	-751	**-791**		
497	**510**	-751	**-791**	6,809	**6,689**
	2.6 %				*-1.8 %*
5	**8**			1,263	**1,185**
1.0 %	*1.6 %*			*18.5 %*	*17.7 %*
1		495	**412**	1,149	**1,229**
45	**47**			7,145	**7,377**
11.1 %	*17.0 %*			*17.7 %*	*16.1 %*

operating lines building chemicals, lime, dry mortar and sand-lime brick. Group Services include all of the Group's trading activities.

Turnover with other regions or business lines represents the turnover between segments. Transfer prices are established in a market-orientated manner. OIBD is calculated as operating income before depreciation.

Notes to the profit and loss accounts

1 Turnover

Turnover development by regions and business lines from January to December 2001

EURm	Cement		Concrete		Building materials		Inter-business line turnover		Total	
	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**
Central Europe West	447	**401**	376	**388**	724	**646**	-41	**-36**	1,506	**1,399**
Western Europe	810	**789**	301	**289**	82	**85**	-73	**-70**	1,120	**1,093**
Northern Europe	381	**361**	452	**446**	547	**483**	-46	**-43**	1,334	**1,247**
Central Europe East	338	**422**	74	**77**	33	**30**	-11	**-15**	434	**514**
North America	1,131	**1,175**	931	**962**			-150	**-147**	1,912	**1,990**
Africa-Asia-Turkey	399	**389**	37	**27**			-12	**-5**	424	**411**
Subtotal	3,506	**3,537**	2,171	**2,189**	1,386	**1,244**	-333	**-316**	6,730	**6,654**
Group Services									497	**510**
Inter-region turnover									-418	**-475**
Total									6,809	**6,689**

In Central Europe West, we were not able to maintain turnover because of the 12.7% lower cement and clinker sales volumes and the lower demand in the building materials business line. Turnover fell by 7.1%.

Developments in Western Europe were also characterised by lower cement consumption due to large projects being delayed. Turnover fell by 2.4%.

The turnover shown for Northern Europe is considerably lower than the previous year due to exchange rate fluctuations and the deconsolidation of the brick operating line. Turnover in national currency rose by 2.1%.

Turnover in Central Europe East rose by 18.4%. In addition to growing domestic demand in almost all of the countries in this region, the inclusion for the first time of a Romanian company and positive exchange rate fluctuations contributed to this increase.

At almost 30%, North America contributes the largest share to Group turnover. Cement and clinker sales were maintained at high levels, which led to an increase in turnover in US dollar of 1%. The higher value of the US dollar ensured a higher rise in turnover of 4.1% in the Group currency.

The markets in Africa, Asia, and Turkey represent numerous countries that are developing differently. Positive market development in Angola, Benin, Nigeria, Tanzania, and Sierra Leone could not offset the difficult market situation in Ghana. Weaker cement sales volumes in the Asian countries and on the domestic market in Turkey led to a fall in turnover in this region totalling 3.1%.

Group Services show the trading activities of the Group. HC Trading, which coordinates our international export and trading activities, and HC Fuels, responsible for the global purchase of fossil fuels, were able to increase turnover by 2.6% compared to the previous year.

2 Other operating income

Other operating income essentially comprises income from services, rental and leasehold contracts, releases of provisions, write-downs, and profits from fixed asset disposals within the course of normal operating activities. Significant business transactions, which cannot be allocated to operational business, are shown in the non-operating result.

3 Material costs

EURm	2000	2001
Raw materials	1,052.5	**1,024.5**
Supplies, repair materials and packaging	312.4	**322.7**
Costs of energy	477.0	**510.1**
Goods purchased for resale	625.1	**673.5**
Miscellaneous	235.3	**123.2**
Material costs	2,702.3	**2,654.0**

Material costs amounted to 39.7% of turnover (previous year: 39.7%).

4 Employees and personnel costs

EURm	2000	2001
Wages, salaries, social security costs	1,251.9	**1,330.0**
Costs of retirement benefits	63.1	**75.0**
Other personnel costs	33.6	**20.0**
Personnel costs	1,348.6	**1,425.0**

In 2001, an annual average of 34,480 (previous year: 36,097) employees and 366 (previous year: 375) apprentices were employed. Personnel costs made up 21.3% of turnover (previous year 19.8%).

5 Other operating expenses

Other operating expenses consisted of the following:

EURm	2000	2001
Selling and administrative expenses	684.3	**619.8**
Freight	613.6	**586.3**
Expenses for third party repairs	322.9	**329.4**
Rental and leasing costs	43.5	**49.3**
Other expenses	42.7	**63.8**
Other taxes	24.3	**34.6**
	1,731.3	**1,683.2**

Transport costs fell in Central Europe West in respect to operating activities. In addition, our global trading activities benefited from lower freight costs for overseas transport.

The fall in administrative and sales costs is partly due to changed reporting assignments.

Significant business transactions, which cannot be allocated to operational business, are shown in the non-operating result.

Expenses of EUR 12 million (previous year: EUR 9) were incurred in research and development, which were not capitalised in accordance with the conditions stated in IAS 38.

6 Depreciation and amortisation of tangible and intangible fixed assets

Tangible fixed assets are depreciated using the straight-line method. Here the following expected useful lives are used Group-wide:

Useful lives of tangible fixed assets

	Years
Buildings	20 to 25
Technical equipment and machinery	10 to 20
Plant and office equipment	5 to 10
IT-hardware	4 to 5

Depreciation and amortisation of tangible and intangible fixed assets

EURm	2000	**2001**
Software, concessions	20.7	**22.7**
Goodwill	150.3	**150.7**
Intangible assets	171.0	**173.4**
Tangible fixed assets, operating	433.6	**446.1**
Ordinary depreciation	604.6	**619.5**
Extraordinary depreciation	5.7	**20.6**
	610.3	**640.1**

Amortisation of goodwill consists of amortisation of goodwill arising on consolidation (share deals). The largest individual items that affect the depreciation of goodwill are from the Scancem consolidation of EUR 48.3 million and from the consolidation of CBR at EUR 48.9 million. The non-scheduled deprecations include EUR 6.5 million from the sale of the brick operating line of Optiroc Group AB, Sollentuna/Sweden, which offsets corresponding non-operating revenue. In accordance with IAS 12 no deferred taxes are formed to goodwill. For the amortisation of goodwill for Scancem, a useful life of 25 years was used as a basis due to Scancem's strong position in mature markets as well as asset-related considerations. The goodwill of CBR is amortised over 20 years.

7 Non-operating result

The non-operating result contains business transactions that cannot be allocated to normal business operations. In 2001, this mainly concerned profits and losses from the sale of shares as part of concentrating on the core business and expenditures and income from increases to and dissolution of provisions.

8 Results from participations

The results from participations include dividends received from companies and profit shares from commercial partnerships.

Income from participations

EURm	2000	**2001**
Results from associated undertakings	101.4	**77.3**
Income from subsidiaries	10.7	**11.3**
Amortisation of financial fixed assets	-15.5	**-19.0**
	96.6	**69.6**

Results from participations show proportionate results before taxes. The proportionate income tax expense is shown under taxes on income. Vicat S.A. contributes the largest individual item to the proportionate results before tax.

9 Taxes on income

The taxes on income are comprised as follows:

EURm	2000	**2001**
Current taxes	204.7	**186.5**
Deferred taxes	-31.2	**-50.2**
	173.5	**136.3**

The tax ratio was 34.8% (previous year: 30.2%). As the non-deductible amortisation of goodwill has a significant impact on the tax ratio, the tax ratio before amortisation for goodwill is shown. It amounted to 25.1%, compared with 23.9% in the prior year.

Whereas in the previous year deferred taxes were liquidated because of changes to tax rates in Germany, deferred tax claims have accumulated in 2001 to clear losses carried forward.

The proportionate tax expense of associated enterprises accounted for according to the equity method is included under taxes on income.

Tax losses carried forward, for which no deferred tax asset is recognised, amount to EUR 19.3 million (previous year: 7.5) (IAS 12). Accounting for tax losses led to a reduction in tax expenditure of EUR 53.1 million (previous year: 19.4).

Reconciliation

In 2001, EUR 4 million of deferred taxes were directly charged to equity. Taking into account the change in the consolidation scope, the amount of the deferred taxes increased by EUR 5.2 million without having an impact on tax expenses.

EURm	2000	2001
Profit before tax	574.9	**391.7**
Theoretical tax expense at 42.4 % (41.6 % in 2000)[1]	239.1	**166.0**
Changes to the theoretical tax expense due to:		
- different tax rates within a country	30.6	**16.2**
- loss carry forwards	-19.4	**-53.1**
- tax reduction due to tax-free earnings	-184.1	**-79.7**
- tax increase due to non-deductible expenses[2]	127.6	**91.7**
- tax reduction due to dividends of HZ AG	-15.4	
- tax increase (+), reduction (-) for prior years	-4.9	**-4.8**
Taxes on income	173.5	**136.3**

1) weighted average tax rate
2) includes amortisation of goodwill

10 Earnings per share (basic earnings per share IAS 33.10)

EURm	2000	2001
Profit for the financial year	401.4	**255.4**
Minority interests	-28.8	**-11.4**
Additional dividends for preference shares	-0.7	**-0.7**
	371.9	**243.3**
Number of shares in ‘000s (weighted average)	63,010	**63,526**
Earnings in EUR/ordinary share	5.90	**3.83**
Earnings in EUR/preference share	6.01	**3.94**

The calculation was in accordance with IAS 33. The earnings per share are shown separately for ordinary and preference shares. In accordance with IAS 33, the additional dividend for preference shares amounting to EUR 0.11 per share was subtracted from the calculation and allocated to the earnings per preference share.

For calculating the average number of shares in 2001, the additions from the capital increases must be taken into account.

Notes to the cash flow statement

The cash flow statement shows how the Group's cash and cash equivalents have changed during the year through inflows and outflows. Cash flows in this statement have been categorised according to operating, investment, and financing activities (IAS 7).

The following notes are provided:

11 Non-cash items

Changes to long-term provisions and the adjustment of results for book profits and losses from asset disposals are shown under non-cash items. The total amount earned from asset disposals is shown under deposits from disposals in investment activities.

12 Changes in operating assets

Operating assets consist of stocks, trade receivables and other assets related to operating activities.

13 Changes in operating liabilities

Operating liabilities consist of short-term provisions as well as trade payables and other payables related to operating activities. Operating liabilities fell due to the use of the provisions.

14 Investments

Investments relate to outflows of cash and cash equivalents for intangible, tangible and financial fixed assets. These investments differ from additions shown in the fixed asset grid, which, for example, also shows non-cash items as additions. Furthermore, purchases of shares of consolidated undertakings are shown in the cash flow statement under investments in financial fixed assets while such purchases do not appear as additions in the fixed asset grid. Following is a list of the substantial investments in financial fixed assets:

- HeidelbergCement acquired a 30.9% share of PT Indocement. In accordance with IAS 27.13b, the company was not consolidated and is shown as a participation company. In 2001 there was an outflow of funds for Indocement of EUR 153 million.
- In addition, we acquired a 86.2% share in Casial Deva for EUR 73 million.

15 Increase in capital

Increase in capital by EUR 0.2 million against contribution in kind.

16 Dividend payments - Heidelberger Zement AG

Dividends paid by Heidelberger Zement AG in 2001 were EUR 74 million (previous year: 66).

17 Dividend payments - minority shareholders

Dividend payments to minority shareholders show those dividends paid during the financial year, which relate to minority interests.

18 Proceeds from bond issuance and loans

In 2001, we took on substantial bank loans totalling approximately EUR 55 million. The USD 700 million syndicated credit from Scancem AB, which was already fully utilised at the end of the previous year, was completed at the end of 2001. In addition, on the 2001 reporting date the unused syndicated credit at year-end from the previous year of EUR 700 million was used by Heidelberger Zement AG at EUR 500 million. As part of the EUR 3 billion Heidelberger Zement EMTN Programme, new debt instruments of JPY 43 billion were issued in 2001.

19 Repayments of bonds and loans

In the reporting year, Medium Term Notes were reduced as planned by a volume of JPY 31 billion and EUR 68 million.

20 Cash and cash equivalents

Cash and cash-equivalents include securities with a short-term validity period of less than three months and liquid funds. In the balance sheet, the item ‘Securities and similar rights’ lists the market value of hedging transactions (EUR 100.2 million) and the "available for sale financial assets" (EUR 35.8 million).

Notes to the balance sheet - Assets

21 Intangible fixed assets

EURm	Purchase price or production costs					Depreciation and amortisation		Net book value
	1 Jan. 2001	Previous year adjustment	Additions	Disposals	31 Dec. 2001	Accumu-lated	2001	31 Dec. 2001
Goodwill	3,304.7	-67.2	66.3 -3.9*	33.3	3,266.6	828.9	157.2	2,437.7
Other intangible fixed assets	147.3	3.6	26.0 3.1*	4.1	175.9	116.2	22.7	59.7
Intangible fixed assets	**3,452.0**	**-63.6**	**92.3** **-0.8***	**37.4**	**3,442.5**	**945.1**	**179.9**	**2,497.4**

* = reclassifications

Goodwill has primarily been created as part of the consolidation and is capitalised in accordance with IAS 22.

The largest individual items on the book values are goodwill for Scancem AB of EUR 913.6 million, for S.A. Cimenteries CBR of EUR 805.2 million, and for Maxit of EUR 111.6 million. Depreciation is detailed in Point 6.

The remaining goodwill was derived primarily from the acquisition of Heidelberg Cement, Inc./US; Akçansa Çimento Sanayi ve Ticaret A.S./Turkey; Chittagong Cement Clinker Grinding Company Ltd./Bangladesh, and ENCI N.V./Netherlands.

22 Tangible fixed assets

EURm	Purchase price or production costs					Depreciation and amortisation		Net book value
	1 Jan. 2001	Previous year adjustment	Additions	Disposals	31 Dec. 2001	Accumu-lated	2001	31 Dec. 2001
Land and buildings	2,836.3	58.6	58.5 44.2*	90.7	2,906.9	1,338.3	79.0	1,568.6
Plant and machinery	5,872.8	88.7	123.6 104.6*	180.9	6,008.8	3,724.9	298.4	2,283.9
Fixture, tools and equipment	949.1	12.8	61.6 69.6*	81.1	1,012.0	714.8	82.8	297.2
Payments on account and assets under construction	378.8	28.4	558.2 -217.6*	18.2	729.6	0.0	0.0	729.6
Tangible fixed assets	**10,037.0**	**188.5**	**801.9** **0.8***	**370.9**	**10,657.3**	**5,778.0**	**460.2**	**4,879.3**

* = reclassifications

Tangible fixed assets are accounted for at purchase price or production cost less ordinary and extraordinary depreciation. Production costs include direct costs of materials and consumables as well as direct manufacturing costs and appropriate amounts of overheads, including production-related depreciation. Debt capital costs are basically entered as expenses. Low cost assets are fully written off in the year of acquisition.

Total tangible fixed assets include EUR 2.1 million of capitalised leased assets. Liens in the amount of EUR 91.8 million were granted to third parties as security. Adjustments for the effects of changes in currency exchange rates during the reporting year totalled EUR 153.4 million.

23 Financial fixed assets

EURm	Purchase price or production costs					Depreciation and amortisation		Net book value
	1 Jan. 2001	Previous year adjustment	Additions	Disposals	31 Dec. 2001	Accumu-lated	2001	31 Dec. 2001
Shares in associated undertakings	626.9	6.2	71.4 1.7*	36.1	670.1	30.7	3.0	639.4
Shares in other participations	355.7	-11.3	252.8 -1.7*	81.2	514.3	35.4	16.0	478.9
Loans to participations	64.5	0.3	3.5 4.3*	10.3	62.3	3.3	-0.6	59.0
Other loans	96.8	22.3	84.2 -4.3*	16.4	182.6	2.1	0.6	180.5
Financial fixed assets	**1,143.9**	**17.5**	**411.9**	**144.0**	**1.429.3**	**71.5**	**19.0**	**1,357.8**

* = reclassifications

Under financial fixed assets, shares in participations are stated at the lower of acquisition cost or fair market value at the balance sheet date. Provisions are made for permanent impairments in value where appropriate.

Loans are stated at their nominal value, less amounts written off on account of permanent impairments in value.

24 Shares in associated undertakings

Consolidation of associated undertakings follows the fair value method. Values determined in accordance with local accounting laws are assumed without adaptation (IAS 28). The largest single item is the share in Vicat S.A. - accounted at EUR 314 million.

25 Shares in other participations

The shares in other participations increased by EUR 32.9 million due to the accounting at market values (IAS 39).

26 Stocks

Stocks are stated as in prior years at the purchase price or production cost, which, in accordance with IAS 2, were calculated using the average cost method. Adequate provisions were made for stock risks relating to quality and quantity issues where appropriate. Production costs for finished goods and work in progress include costs of materials and consumables, direct manufacturing costs, and appropriate amounts of overheads, including production-related depreciation.

27 Receivables and other assets

Receivables and other assets were stated at their nominal value. Adequate provisions were recorded for all identifiable risks. Interest-bearing receivables are shown separately.

28 Cash, short-term investments and similar rights

Cash and cash equivalents were deposited only with banks with a first-rate financial standing.

The shares held in a securities portfolio increased by EUR 6.7 million because of the accounting at market values (IAS 39).

According to IAS 39, the underlying transaction must be adjusted and the market value of the hedging transaction (derivative transaction) must be shown in the accounts. Hedging transactions (currency interest rate swaps and interest rate swaps) are thus shown as rights similar to securities with a market value of EUR 100.2 million. The interest-bearing liabilities increase accordingly.

Further details regarding current asset investments can be found under the section on financial instruments on pages 114 and 115.

Notes to the balance sheet - Equity and liabilities

29 Subscribed share capital

	Ordinary shares		Preference shares	
	2000	**2001**	2000	**2001**
Number of shares (in '000s)	57,567	**57,642**	6,050	**6,050**
Subscribed share capital (EUR '000s)	147,372	**147,564**	15,488	**15,488**

The movement in the subscribed share capital during 2001 was as follows:

	EUR '000s	Number in '000s
As of 31 December 2000	162,860	63,617
Increase of subscribed share capital based on authorisation of the Managing Board according to Paragraph 4 Sect. 3 of the Company Statutes (Authorised Capital II, resolution of the Annual General Meeting held on 3 June 1998)	192	75
As of 31 December 2001	**163,052**	**63,962**

Preference shares have no voting rights. In accordance with Paragraph 21 of the Company Statutes, preference shareholders are entitled to a preference dividend of EUR 0.11 per preference share.

The fully paid-in subscribed share capital amounts to EUR 163.052 million as of 31 January 2001.

Authorised and conditional share capital

Resolution of the Annual General Meeting held on 3 June 1998

Authorised capital II

The Annual General Meeting held on 3 June 1998 authorised the Managing Board, with the consent of the Supervisory Board, to increase the subscribed share capital up until 3 June 2003 by issuing new ordinary bearer shares one or more times by up to a total of EUR 883,898.65 against contributions in kind with exclusion of prior purchase rights (Authorised Capital II). The Managing Board is authorised, with the consent of the Supervisory Board, to approve further details concerning the increase in capital and the conditions for issuing shares.

Resolution of the Annual General Meeting held on 2 June 1999

Convertible or option debenture bonds

The Annual General Meeting held on 2 June 1999 authorised the Managing Board, with the consent of the Supervisory Board, to issue convertible or option debenture bonds one or more times until 2 June 2004 for a total nominal amount of up to EUR 250 million or the equivalent value in another legal currency. The term of the debenture bonds should not exceed 15 years.

Conversion or option rights for up to 5,000,000 ordinary or preference shares of Heidelberger Zement Aktiengesellschaft may be granted to bearers of the convertible or option debenture bonds.

This authorisation also encompasses the authority, with the consent of the Supervisory Board, to grant conversion or option rights to ordinary or preference shares of Heidelberger Zement Aktiengesellschaft to bearers of convertible debenture bonds or warrants from option debenture bonds. These are issued by 2 June 2004 by a directly or indirectly wholly-owned foreign subsidiary of Heidelberger Zement Aktiengesellschaft under its guaranty.

A general prior purchase right to all the aforementioned issues is granted to the shareholders of Heidelberger Zement Aktiengesellschaft. This prior purchase right may be excluded under the conditions included in the authorisation.

Conditional capital

The Annual General Meeting held on 2 June 1999 resolved to increase the conditional subscribed share capital of Heidelberger Zement Aktiengesellschaft by up to EUR 12.8 million by issuing up to 5,000,000 ordinary or preference shares for the purpose of exercising the aforementioned authorisation to issue convertible or option debenture bonds. The conditional capital increase shall serve to secure conversion or option rights that are granted in exercise of the authorisation to issue convertible or option debenture bonds. The conditional capital increase is to be carried out only in the event that bonds with conversion or option rights are issued and only to the extent that the bearers of convertible debenture bonds or the bearers of option rights make use of their conversion or option rights.

Acquisition of company shares

The Annual General Meeting on 2 June 1999 empowered the Managing Board, with the agreement of the Supervisory Board, to purchase company shares until 1 December 2000. The stock of purchased company shares may not exceed 10% of the company's capital stock on any one day. The authorisation may be exercised one or more times, fully or in partial amounts.

The acquisition must occur via the stock exchange or as part of a public purchase offer by the Company. The equivalent value paid by the Company (excepting ancillary acquisition costs) must not be more than 10% above or below the mean value of the closing prices of the ordinary shares or preference shares of the Company in Xetra trading over the last five trading days before the acquisition of company shares or, in the case of a public purchase offer, before the date of publication of the public purchase offer.

The Managing Board was further authorised, with the consent of the Supervisory Board, to undertake a sale of the company shares in other ways than through the stock exchange or through an offer to all shareholders, in the event that shares are to be offered to third parties as part of the acquisition of companies or participations. The prior purchase right of shareholders is excluded in this case.

The stock of shares acquired between 3 April and 6 June 2000 of 153,500 (ordinary shares) remains unchanged as at the balance sheet date of 31 December 2001. On the balance sheet date there was a write-up for our company shares of EUR 768,000 because of higher stock exchange prices.

Resolution of the Annual General Meeting held on 7 June 2000

Authorised Capital I

The Annual General Meeting held on 7 June 2000 authorised the Managing Board, with the consent of the Supervisory Board, to increase the subscribed share capital one or more times until 7 June 2005 by up to a total of EUR 30 million by issuing new ordinary bearer shares and/or preference bearer shares without voting rights, which are equipped with the same dividend preference as the existing preference shares, against cash (Authorised Capital I). Shareholders shall have a prior purchase right.

However, the Managing Board is authorised,

- to exclude the prior purchase right entirely for a partial amount of up to EUR 5 million, in order to issue new ordinary and/or preference shares at issue prices which are not significantly lower than the stock exchange prices of the old ordinary or preference shares.
- in case of a simultaneous issuance of ordinary and preference shares, to exclude the prior purchase right of bearers of shares of one class to shares of the other class, if the purchase ratio for the two classes is set equal.
- to remove fractional amounts from the prior purchase right of the shareholders, and to exclude the prior purchase right to the extent that is necessary to grant a prior purchase right to bearers of the convertible debenture bonds or warrants issued by Heidelberger Zement Aktiengesellschaft or by wholly-owned subsidiaries to the extent to which they would be entitled as shareholders after exercise of their conversion or option rights.

Resolution of the Annual General Meeting held on 19 June 2001

Stock options

The Annual General Meeting on 19 June 2001 decided to conditionally increase the company's share capital by up to EUR 1,280,000, divided into up to 500,000 ordinary bearer shares. The purpose of the conditional increase in capital is to meet the subscription rights that have been granted to members of the Managing Board, leading company managers, and members of the boards and senior managers of affiliated domestic and foreign companies as a result of the authorisation from the Annual General Meeting on 19 June 2001 (Stock Option Plan 2001/2007). The conditional increase in capital will only be completed to the extent to which those authorised to buy make use of their subscription rights. The new shares take a share in profits from the start of the financial year in which they are created.

Acquisition of company shares

The Annual General Meeting on 19 June 2001 authorised the Managing Board, with the consent of the Supervisory Board, to purchase company shares until 18 December 2002. The stock of purchased company shares may not exceed 10% of the company's capital stock on any one day. The authorisation may be exercised one or more times, fully or in partial amounts.

The acquisition must occur via the stock exchange or as part of a public purchase offer by the Company. The equivalent value paid by the Company (excepting ancillary acquisition costs) must not be more than 10% above or below the mean value of the closing prices of the ordinary shares or preference shares of the Company in Xetra trading over the last five trading days before the acquisition of company shares or, in the case of a public purchase offer, before the date of publication of the public purchase offer.

Furthermore, the Managing Board was also authorised, with the consent of the Supervisory Board, to

aa) undertake a sale of company shares in other ways than through the stock exchange or through an offer to all shareholders, in the event that shares are to be offered to third parties as part of the acquisition of companies or participations. The equivalent value per share received by the company may not be considerably lower than the stock market price for the company's ordinary or preference shares (in Xetra trading on the Frankfurt securities market over the previous five trading days before the binding agreement with a third party or before the publication of the offer to all shareholders).

bb) issue company shares to third parties for cash deposits in so far as the issue price is not considerably lower than the stock market price for the company's ordinary or preference shares (in Xetra trading on the Frankfurt securities market over the previous five trading days before the binding agreement with a third party or before the publication of the offer to all shareholders).

cc) collect the company shares without collecting or carrying out the collection requiring a further decision by the Annual General Meeting.

The shareholders' subscription rights are excluded from sales of company shares to third parties or use of the shares to make an initial introduction to foreign stock markets as part of the authorities named in the previous points aa) and bb).

30 Capital reserves

Capital reserves have not changed compared to the previous year.

31 Revenue reserves

Revenue reserves consist of revenue reserves from Heidelberger Zement Aktiengesellschaft and revenue reserves and earnings from all the consolidated companies.

The changes shown in the equity grid are explained as follows:

- Dividends
  Dividends totalling EUR 73.7 million were paid to the Heidelberger Zement shareholders in 2001 for the year 2000.
- Exchange rate differences
  The net assets denominated in foreign currency changed essentially due to the rise in the US dollar as of the closing date.
- Other changes
  The other changes primarily result from treatment of "available for sale financial assets" that do not affect income of EUR 30.5 million and the financial derivatives of EUR 7.8 million.

32 Minority interests

Acquiring additional shares in Chittagong Cement Clinker Grinding Company Ltd., Chittagong/ Bangladesh and Heidelberger maxit GmbH, Breisach/Germany as well as the first-time consolidation of Casial Deva S.A., Deva/Romania led to a fall in minority interests.

33 Provisions

EURm	1 Jan. 2001	Previous year adjustment	Utilisation	Release	Addition	31 Dec. 2001
Pensions and similar liabilities	500.3	4.4	-36.1	-17.0	45.1	496.7
Deferred taxes	547.0	-3.2	-0.3	-84.9	69.5	528.1
Other	350.5	6.7	-51.7	-74.2	108.0	339.3
Provisions	**1,397.8**	**7.9**	**-88.1**	**-176.1**	**222.6**	**1,364.1**

Notes on the provisions for pensions and similar liabilities, for deferred taxes, and the other provisions shown in the provisions chart (IAS 37) are provided in the following subsections 34 to 36.

34 Provisions for pensions

For numerous employees, pensions are provided for either directly or indirectly through contributions to pension funds. All pension obligations are based on eligible employees' compensation and years of service (defined benefit plans). The most significant retirement pension plans exist in Germany, Belgium, the Netherlands, the United States, Canada, the United Kingdom, and in the Scandinavian countries. The pension plan obligations and the plan assets available are evaluated annually by independent assessors. Heidelberger Zement also has a retirement benefit system in the United States for early retirement commitments and for medical-care costs of pension recipients, the obligations of which are covered by provisions.

Calculation of pension obligations

The provisions for pensions were calculated for all significant Group companies according to the internationally accepted present value method (IAS 19).

The actuarial assumptions on which the calculations are based are summarised in the following table (weighted presentation):

	2000	2001
Interest rate	6.20 %	**6.17 %**
Anticipated return on plan assets	7.39 %	**7.40 %**
Future salary development	3.69 %	**3.66 %**
Anticipated increases in medical-care costs	5.00 %	**5.00 %**

Overview of types of retirement benefit plans

In accordance with IAS 19, detailed information concerning pension plans and benefit plans for medical care amounting to EUR 384.7 million is provided in the following, showing the funding of the plans and how they are accounted for in the balance sheet and profit and loss accounts. In addition, some other plans exist (see below). These include obligations for pre-retirement regulations of EUR 9.9 million and small pension plans that have been accounted for according to local accounting standards.

Types of retirement benefit plans

EUR '000s	2000	2001
Defined benefit pension plans	284,826	**288,556**
Post-employment medical plans	89,325	**96,094**
	374,151	**384,650**
Other pension plans	52,094	**42,223**
	426,245	**426,873**

Presentation in the balance sheet

EUR '000s	2000	2001
Long-term pension provisions	463,997	**462,677**
Short-term pension provisions	36,284	**34,031**
Excess endowment of funds	-74,036	**-69,835**
	426,245	**426,873**

Pension obligations and pension funds

Pension obligations amounting to EUR 776 million existed in the Group in 2001, which were covered by outside pension funds. In addition there were direct agreements of EUR 402 million. Obligations entered into in the United States for medical-care expenses for pension recipients amounted to EUR 112 million. The following table shows the development of these retirement pension plans and their presentation in the balance sheet.

EUR '000s	Pension plans		Medical plans		Total	
	2000	**2001**	2000	**2001**	2000	**2001**
Present value of funded obligations	781,711	**776,225**			781,711	**776,225**
Fair value of plan assets	-850,126	**-791,861**			-850,126	**-791,861**
Deficit (+)/surplus (-)	-68,415	**-15,636**			-68,415	**-15,636**
Present value of unfunded obligations	343,792	**402,187**	86,127	**112,118**	429,919	**514,305**
Unrecognised actuarial gain(+)/loss (-)	5,017	**-103,343**	3,198	**-16,024**	8,215	**-119,367**
Unrecognised past service cost	-1,199	**-807**			-1,199	**-807**
Adjustment for limit on net asset	5,631	**6,155**			5,631	**6,155**
Total	284,826	**288,556**	89,325	**96,094**	374,151	**384,650**

Development in the profit and loss accounts

In 2001, the market value of the funds' net assets fell because of current stock market developments. This reduction in value was not included in the balance sheet valuation because of the background of long-term views (IAS 19). This caused losses of EUR 119.4 million that have not been taken into account.

The expenses classified as personnel costs for retirement pensions for the significant pension plans, amounting to EUR 53 million, can be shown as follows:

EUR '000s	Pension plans		Medical plans		Total	
	2000	**2001**	2000	**2001**	2000	**2001**
Current service cost	36,045	**36,617**	2,142	**2,905**	38,187	**39,522**
Interest cost	63,710	**68,906**	5,938	**6,117**	69,648	**75,023**
Expected return on plan assets	-62,479	**-64,063**			-62,479	**-64,063**
Actual loss (+)/gain (-) recognised	-570	**40**		**-329**	-570	**-289**
Past service cost recognised	409	**2,814**			409	**2,814**
Other adjustments	-6,709	**248**			-6,709	**248**
Realisation of loss (+)/gain (-)	9,341				9,341	
Total	39,747	**44,562**	8,080	**8,693**	47,827	**53,255**
Additional information:						
Earnings from plan assets					26,543	**-47,402**

Development of pension provisions in the balance sheet

EUR '000s	Pension plans		Medical plans		Total	
	2000	**2001**	2000	**2001**	2000	**2001**
At start of year	296,737	**284,826**	81,269	**89,325**	378,006	**374,151**
First-time consolidations/deconsolidations	-4,867	**2,469**			-4,867	**2,469**
Total expense as above	39,747	**44,562**	8,080	**8,693**	47,827	**53,255**
Contributions paid	-43,894	**-39,868**	-5,605	**-6,245**	-49,499	**-46,113**
Exchange rate loss (+)/gain (-)	-2,897	**-3,433**	5,581	**4,321**	2,684	**888**
Pension plans and medical plans	284,826	**288,556**	89,325	**96,094**	374,151	**384,650**
Other pension plans					52,094	**42,223**
As of 31 December					426,245	**426,873**

35 Deferred taxes

In the determination of deferred taxes, HeidelbergerCement applies the internationally accepted liability method (IAS 12). This means that, with the exception of goodwill arising on consolidation, deferred taxes are recorded for all temporary differences between the IAS accounts and the tax accounts regardless of the period of time within which these differences are likely to reverse. Significant differences exist between the Group's IAS accounts and tax accounts with respect to tangible fixed assets and provisions for pensions. Current income tax obligations are shown under short-term liabilities.

36 Other provisions

Other provisions account for all recognisable risks from uncertain liabilities and anticipated losses from pending transactions. Provisions for recultivation obligations amount to EUR 134.2 million (previous year: 129.4). We also formed reserves for the restructuring measures. The short-term reserves and the short-term parts of the long-term reserves are shown in the short-term reserves.

37 Liabilities

Liabilities are classified according to current/non-current and according to whether the liabilities are interest-bearing. Further details regarding interest-bearing liabilities can be found under the section on financial instruments on pages 114 and 115.

Additional information on liabilities

EURm	2000	**2001**
Liabilities secured by mortgages granted to banks	149.1	**68.8**
Liabilities relating to personnel	98.7	**108.5**

Guarantees and other financial commitments

EURm	2000	2001
Liabilities resulting from negotiation and transfer of bills of exchange	2.3	**1.5**
Liabilities arising from guarantees	205.8	**203.9**
Rental and leasing contracts		
Total of all leasing payments mature within 1 year	27.8	**37.9**
Total of all leasing payments mature within 1 to 5 years	36.2	**50.2**
Total of all leasing payments mature after more than 5 years	28.7	**39.3**
Other off-balance-sheet financial commitments for planned tangible and financial fixed asset investments	220	**192**

Financial instruments

Accounting of financial instruments

In 2001, we have for the first time evaluated financial instruments in accordance with IAS 39. This divides financial instruments into certain categories and evaluates them appropriately.

Basically, HeidelbergCement holds interest-bearing receivables in the "held to maturity investment" category and interest-bearing liabilities in the "not classified as held for trading" category. To date these interest-bearing receivables and liabilities have primarily been evaluated at historical cost.

Because of its size the "available for sale financial assets" category covers non-consolidated participations, participations for which there is no liquid market (Indocement) and shares in companies in which we do not hold a considerable of controlling interest. In accordance with IAS 39, we evaluate "available for sale financial assets" at their acquisition values at the time they are entered on the balance sheet. In subsequent valuations, insofar as a market value can be reasonably established, they are accounted for at their current market value. Unrealised profits and losses are recorded in shareholders' equity without affecting net income, taking deferred taxes into account. The share price at the balance sheet date forms the basis for the current market value.

All financial instruments are accounted for on the settlement date and not the trading date.

Accounting of hedging transactions

The purpose of hedging transactions is to safeguard the economic risks connected with an underlying transaction. According to IAS 39, there are three types of hedging transactions:

– Cash flow hedges
  The company hedges against the risk of fluctuation in future cash flow. Primarily, we secure the risk of variable interest payments by changing variable interest payments to fixed interest payments using swaps. We secure currency risks of future transactions such as the purchase of coal in US dollar by a company that accounts in euro. We secure the currency risk for future transactions that are expected within one year. The market value of cash flow hedges is shown in the

balance sheet. As an offsetting item, the revenue reserves are adjusted without affecting net income, taking deferred taxes into account.

- Fair value hedges
  The company hedges against the risk of fluctuations in the "fair value" of certain assets or liabilities. We secure the currency risk that occurs when financial instruments are accounted for in a currency other than the reporting currency. In addition we change the majority of our fixed interest-bearing debts into variable interest-rate instruments mainly through swaps. The market value of fair value hedges is shown in the balance sheet. As an offsetting item the value of the underlying transaction is adjusted.

- Net investment in a foreign company
  When acquiring foreign companies, we have in some cases financed the investment with loans in the currency of the foreign company. In this case, the risk incurred on our capital in the subsidiary through fluctuations in exchange rates is reduced (translation risks). The loans are adjusted corresponding to the exchange rate on the balance sheet date. As an offsetting item, the capital in the currency translation position is adjusted.

The market value of the derivative hedge is calculated using option price models and external balance confirmations.

Details on evaluating and reporting non-derivative financial instruments are listed in the notes to the corresponding balance sheet items. Derivative financial instruments are primarily used for hedging purposes.

Disclosure on financial instruments

Non-derivative financial instruments
The important interest-bearing non-derivative financial instruments outstanding at the end of 2001 are listed in the following table under the corresponding balance sheet items. Only those transactions having an open repayment sum of more than EUR 20 million on the balance sheet date, are listed.

Non-derivative financial instruments

Balance sheet item Financial instrument	Currency	Nominal value in millions	Term Total	 Remaining	Nominal interest rate	Effective interest rate	Market value 2001 EURm
Current assets/Short-term investments/Cash and cash equivalents							
Bond	EUR	21	95/02	<1y	7.000 %	5.000 %	21
Loan	USD	25	01/02	<1y	4.801 %	4.801 %	
Shares	EUR	36					
Liabilities/Bonds							
Bond	EUR	77	95/02	<1y	7.000 %	7.600 %	78
Bond	EUR	965	00/07	>5y	6.375 %	6.450 %	988
Bond	EUR	300	99/09	>5y	4.750 %	4.750 %	275
Liabilities/Bank loans							
Loan	EUR	50	00/02	<1y	4.770 %	4.770 %	50
Loan	USD	112	96/03	1-5y	5.310 %	5.310 %	126
Loan	EUR	24	96/03	1-5y	3.360 %	3.360 %	24
Loan	EUR	34	94/04	1-5y	4.890 %	4.890 %	34
Loan	EUR	26	97/04	1-5y	4.220 %	4.220 %	26
Loan	EUR	500	99/04	1-5y	3.795 %	3.795 %	500
Loan	USD	20	98/05	1-5y	2.308 %	2.308 %	22
Loan	USD	70	98/05	1-5y	2.805 %	2.805 %	79
Loan	EUR	200	98/05	1-5y	3.765 %	3.765 %	200
Loan	EUR	372	98/05	1-5y	3.809 %	3.809 %	372
Loan	GBP	45	98/05	1-5y	4.415 %	4.415 %	74
Loan	EUR	27	96/06	1-5y	3.430 %	3.430 %	27
Loan	EUR	25	96/06	1-5y	3.430 %	3.430 %	25
Loan	EUR	25	96/06	1-5y	3.430 %	3.430 %	25
Loan	USD	20	99/06	1-5y	4.770 %	4.770 %	22
Loan	USD	50	99/06	1-5y	7.130 %	7.130 %	58
Loan	EUR	30	00/07	>5y	6.140 %	6.140 %	30
Loan	EUR	25	00/07	>5y	5.050 %	5.050 %	25
Loan	EUR	35	00/07	>5y	5.010 %	5.010 %	35
Loan	EUR	25	98/08	>5y	4.700 %	4.700 %	21
Loan	EUR	30	01/08	>5y	5.250 %	5.250 %	30
Loan	EUR	30	00/08	>5y	4.960 %	4.960 %	30
Loan	EUR	30	99/09	>5y	4.730 %	4.730 %	30
Loan	EUR	50	00/10	>5y	6.485 %	6.485 %	50
Loan	EUR	40	00/10	>5y	5.850 %	5.850 %	38
Other liabilities							
Loan	EUR	151	01/02	<1y	3.420 %	3.420 %	151
Commercial Paper	PLN	82	01/02	<1y	16.500 %	16.500 %	23
Commercial Paper	EUR	27	01/02	<1y	3.440 %	3.440 %	27
Commercial Paper	SEK	1.325	01/02	<1y	3.900 %	3.900 %	142
Private placement	JPY	20,000	01/02	<1y	0.200 %	0.200 %	171
Private placement	JPY	20,000	01/02	<1y	0.200 %	0.200 %	171
Private placement	JPY	3,000	01/02	<1y	0.179 %	0.170 %	26
Private placement	EUR	26	97/02	<1y	3.910 %	3.910 %	26
Private placement	EUR	30	00/02	<1y	5.370 %	5.370 %	30
Private placement	EUR	25	99/04	1-5y	3.710 %	3.710 %	25
Private placement	EUR	26	98/04	1-5y	3.880 %	3.880 %	26
Private placement	USD	25	94/04	1-5y	8.140 %	8.140 %	30
Private placement	EUR	50	95/05	1-5y	7.300 %	7.300 %	53
Private placement	EUR	45	99/06	1-5y	4.130 %	4.130 %	45
Private placement	CAD	38	92/07	>5y	9.430 %	9.430 %	32
Private placement	EUR	20	98/08	>5y	4.240 %	4.240 %	20
Private placement	USD	100	96/08	>5y	6.660 %	6.660 %	113
Private placement	USD	75	94/09	>5y	8.360 %	8.360 %	91
Private placement	USD	50	96/11	>5y	6.780 %	6.780 %	55
Private placement	USD	77	00/35	>5y	2.000 %	2.000 %	87
							4,659

Derivative financial instruments

The following table provides an overview of the derivative financial instruments outstanding on the balance sheet date with their nominal values.

	Currency risk													Total of nominal values	Market value
in millions	EUR	USD	SEK	JPY	CHF	DKK	NOK	GBP	CZK	PLN	HKD	CAD	EEK	EUR	EUR
Currency-related derivatives															
Forward exchange contracts	3	-44	288			6	100	-1	2	-5	-10		20	59	
Currency option contracts	-56	21	218									16		69	-1
Currency swaps	249	-236	2,040		-2	-297	-439	62	-5,990	-216		47	-123	1,283	-14
Interest-related derivatives	-491	90		43,000	-6									3,000	28
	-295	**-169**	**2,546**	**43,000**	**-8**	**-291**	**-339**	**61**	**-5,988**	**-221**	**-10**	**63**	**-103**	**4,411**	**13**

The amounts presented in the currency risk columns essentially show exchange obligations of the Group from the use of derivative financial instruments.

The nominal values of opposing transactions that affect payment are shown as net amounts. In the nominal value column, nominal value totals are shown without offsetting opposing transactions.

Market values were calculated using market rates as of the balance sheet date. Interest that had accrued from the last interest payment date through the balance sheet date was not included.

Fair value evaluation in accordance with IAS 39

Due to evaluating hedge transactions at market values, securities increased by EUR 100.2 million, deferred tax assets by EUR 5.0 million, loans by EUR 34.7 million, other long-term interest-bearing liabilities by EUR 44.2 million and other short-term interest-bearing liabilities by EUR 34.1 million. Revenue reserves fell by EUR 7.8 million.

Due to the change in market value of "available for sale financial assets", the shares in other participations increased by EUR 32.9 million, securities and similar rights by EUR 6.7 million, deferred tax provisions by EUR 9.1 million. Revenue reserves rose by EUR 30.5 million.

Risks from financial instruments

Interest rate risk

Under IAS 32, in order to assess the risk associated with changes in interest rates, financial instruments must in principle be classified as either fixed interest-bearing or variable interest-bearing instruments.

Fixed interest-bearing financial instruments are those that yield the same market rate of interest throughout their entire term. A risk exists that the market value of the financial instrument may change with fluctuating interest rates (interest rate price risk). The market value is calculated as the present value of future payments (interest and principal repayments), discounted using the market rate of interest at the balance sheet date applicable to the remaining term of the instrument. The interest rate price risk will lead to a gain or loss if the fixed interest-bearing financial instrument is disposed of prior to the end of its term.

For variable interest-bearing financial instruments, the interest rate is subject to frequent adjustments and thus, as a rule, corresponds to the prevailing market rate. However, the risk exists here that the short-term interest rate will fluctuate and changing interest payments will be due (interest cash flow risk).

At the end of the year, the Group was mainly financed through fixed interest-bearing EUR liabilities of around EUR 1.6 billion, variable interest-bearing EUR liabilities of around EUR 2.1 billion, fixed interest-bearing USD liabilities of around USD 160 million, variable interest-bearing USD liabilities of around USD 350 million, fixed interest-bearing JPY liabilities of around JPY 40 billion and variable interest-bearing liabilities or around JPY 3 billion. These sums were thoroughly modified with regard to their interest structure using derivative financial instruments. At the end of 2001, the Group had a volume of interest swaps and interest/currency swaps of approximately EUR 1.7 billion, which enabled a change from fixed to variable interest rate periods. The stock of such swaps that enabled a change from variable to fixed interest rate periods covered a volume of approximately EUR 670 million on the key date.

Currency risk

Currency risk refers to the risk of changes in the value of balance sheet items induced by exchange rate fluctuations.

At the end of the year there were interest-bearing liabilities mainly in EUR, USD, JPY, and CZK. All JPY liabilities, the majority of the CZK liabilities, and a substantial proportion of the USD liabilities were transformed through swaps into synthetic EUR liabilities, which eliminated the currency risk for the affected underlying transactions.

Credit risk

The credit risk is the risk that a contracting party does not completely fulfil the obligations agreed by him when signing a financial instrument.

The Group's credit risk is limited in that we only sign financial assets and derivative financial instruments with partners that have first-class credit rating.

Supervisory Board, Advisory Council, and Managing Board

Remuneration

EUR '000s	Group-wide
Compensation of the Supervisory Board	1,753
Compensation of the Advisory Council	140
Compensation of the Managing Board	6,042
Former members of the Managing Board and their survivors	
Compensation	2,637
Provisions for pension obligations	21,267

Mandates of Members of the Supervisory Board and Managing Board

The members of the Supervisory Board and Managing Board hold the following mandates:

a) Membership in other legally required supervisory boards for German companies
b) Membership in comparable German and foreign supervisory committees of commercial corporations.

Group mandates are marked by [1].

Supervisory Board

Dr. rer. pol. Wolfgang Röller, Chairman
Honorary Chairman of the Supervisory Board, Dresdner Bank AG
b) Henkel KGaA

Heinz Schirmer, Deputy Chairman
Mechanic and locksmith foreman; Chairman of the General Council of Employees, Heidelberger Zement AG and Chairman of the Council of Employees at the Schelklingen plant, Heidelberger Zement AG

Prof. Dr. Bernd Fahrholz
(since 19 June 2001) Chairman of the Managing Board, Dresdner Bank AG and Deputy Chairman of the Managing Board, Allianz AG
a) Bayerische Motoren Werke AG
Fresenius Medical Care AG
Advance Holding AG[1] (Chairman)
b) Banco General de Negocios S.A. (until 28 January 2002)
BNP Paribas S.A.
Dresdner Kleinwort Benson North America Inc.[1]
Reuschel & Co.[1] (Deputy Chairman) (until 31 December 2001)

Wilhelm Fürst
Industrial mechanic; Chairman of the Council of Employees at the Mainz-Weisenau plant, Heidelberger Zement AG

Veronika Füss
Commercial employee; Chairwoman of the Council of Employees in the Schelklingen sales office, Heidelberger Zement AG

Waltraud Hertreiter-Höhensteiger
Partner and Chairwoman of the Advisory Council, Südbayer. Portland-Zementwerk Gebr. Wiesböck & Co. GmbH
a) Textilgruppe Hof AG

Rolf Hülstrunk
(since 19 June 2001)
Former Chairman of the Managing Board, Heidelberger Zement AG

Hanspeter Kern
Former Chairman of the Baden-Württemberg section, IG Bauen-Agrar-Unwelt
b) BG Phoenics GmbH

Ernst-Ludwig Laux
Federal Deputy Chairman, IG Bauen-Agrar-Umwelt
a) Philipp Holzmann AG

Josef Löffler
Technical employee; member of the Council of Employees at the Schelklingen plant, Heidelberger Zement AG

Ludwig Merckle
Managing Director, Merckle GmbH
a) Kässbohrer Geländefahrzeug AG (Chairman)
MCS - Modulare Computer und Software Systeme AG
Württembergische Leinenindustrie AG (Chairman)

Senator h.c. Dr. rer. pol. Eberhard Schleicher
Partner with unlimited liability, E. Schwenk KG
a) Wieland-Werke AG
Paul Hartmann AG

Eduard Schleicher
Partner with unlimited liability, E. Schwenk KG
b) Duna-Dráva Cement Kft.
Nederlandse Cement Handelmaatschappij B.V

Günter Schneider
Director of the Leimen plant, Heidelberger Zement AG (until 31 December 2001)
b) ISTRA Cement International AG

Senator h.c. Dr.-Ing. h.c. Peter Schuhmacher †
(until 19 June 2001) Former Chairman of the Managing Board and Honorary Chairman, Heidelberger Zement AG
a) Mühl Product & Service AG (Chairman)
Niedermayr Papierwarenfabrik AG (Chairman)
Wüstenrot Bausparkasse AG
b) Erlenbach Maschinenbau GmbH (Chairman)
Südbayer. Portland-Zementwerk Gebr. Wiesböck & Co. GmbH (Chairman)

Wilhelm Schwerdhöfer
Motor mechanic; Chairman of the Euro Works Council, HeidelbergCement, and Chairman of the Council of Employees at the Lengfurt plant, Heidelberger Zement AG

Bernhard Walter
(until 19 June 2001) Former Chairman of the Managing Board, Deutsche Bank AG
a) Bilfinger Berger AG
DaimlerChrysler AG
Deutsche Telekom AG
Henkel KGaA
mg technologies ag
Staatliche Porzellan-Manufaktur Meissen GmbH
ThyssenKrupp AG
Wintershall AG
b) KG Allgemeine Leasing GmbH & Co. (Chairman)

Dr. rer. pol. Ulrich Weiss
Former member of the Managing Board, Deutsche Bank AG
a) ABB AG
BEGO Medical AG (since 2002)
Continental AG
O&K Orenstein & Koppel AG (Chairman)
Südzucker AG (Deputy Chairman)
b) Benetton Group S.p.A.
Ducati Motor Holding S.p.A.
Piaggio Holding S.p.A.

Managing Board

Hans Bauer, Chairman

a) Bilfinger Berger AG
ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG (Deputy Chairman)

b) S.A. Cimenteries CBR[1)]
ENCI N.V.[1)] (Deputy Chairman)
PT Indocement Tunggal Prakarsa Tbk.
Lehigh Portland Cement Co.[1)]
Lehigh Portland Cement Limited[1)]
Nederlandse Cement Deelnemingsmaatschappij B.V.
Nederlandse Cement Handelmaatschappij B.V.
Nederlandse Cement Overslagbedrijf B.V.
Scancem AB[1)] (Chairman)
Südbayer. Portland-Zementwerk Gebr. Wiesböck & Co. GmbH
Vicat S.A.

Helmut S. Erhard

b) Lehigh Portland Cement Co.[1)] (Chairman)
Lehigh Portland Cement Limited[1)] (Chairman)

Håkan Fernvik

President and Chief Executive Officer of Scancem AB

b) PT Indocement Tunggal Prakarsa Tbk.
Scancem AB[1)]

Daniel Gauthier

b) BECEM Cement és Mészipari Rt.
Casial Deva S.A.[1)]
Carpatcement Romania s.r.l.[1)]
Ceskomoravský Cement, a.s.[1)] (Chairman)
Duna-Dráva Cement Kft.[1)]
Górazdze Cement S.A.[1)] (Chairman)
ISTRA Cement International AG[1)]
MOLDOCIM - S.A. Bicaz[1)]
Scancem AB[1)]
Spojené sterkovny à piskovny, a.s.[1)] (Chairman)
Tvornica Cementa Kakanj d.d.[1)]
Zlatna Panega AD[1)] (Chairman)

Andreas Kern

a) Anneliese Zementwerke AG
Kronimus AG

b) Ceskomoravský Cement, a.s.[1)]
Duna-Dráva Cement Kft.[1)]
Górazdze Cement S.A.[1)]
Südbayer. Portland-Zementwerk Gebr. Wiesböck & Co. GmbH

Paul Vanfrachem
Chairman and Chief Executive Officer, S.A. Cimenteries CBR
b) Akçansa Çimento Sanayi ve Ticaret A.S. (Deputy Chairman)
S.A. Cimenteries CBR[1] (Chairman)
China Century Cement Limited
Ciments Luxembourgeois S.A.
ENCI N.V.[1] (Chairman)
PT Indocement Tunggal Prakarsa Tbk.
Lehigh Portland Cement Co.[1]
Lehigh Portland Cement Limited[1]
Vicat S.A.

Horst R. Wolf
a) EnBW Kraftwerke AG
Niedermayr Papierwarenfabrik AG
RWE Rheinbraun AG
ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG

b) S.A. Cimenteries CBR[1]
PT Indocement Tunggal Prakarsa Tbk.
Lehigh Portland Cement Co.[1]
Lehigh Portland Cement Limited[1]
Scancem AB[1]

38 Proposed dividend

The Managing Board and Supervisory Board propose the following dividends:

EUR 1.15 dividend per ordinary share EUR 147,564,203.52 subscribed share capital	66,288,607.05
EUR 1.26 dividend per preference share EUR 15,488,000.00 subscribed share capital	7,623,000.00
	73,911,607.05

39 Approval of the Group annual accounts

The Group annual accounts were prepared by the Managing Board and adopted on 18 March 2002. And afterwards, they were submitted to the Supervisory Board for approval.

Heidelberg, 18 March 2002

HEIDELBERGER ZEMENT AKTIENGESELLSCHAFT

The Managing Board

Report of the independent auditors

We have audited the Group annual accounts of Heidelberger Zement Aktiengesellschaft, Heidelberg, for the financial year from 1 January to 31 December 2001. The Group annual accounts include the Group financial statement, consisting of the balance sheet, profit and loss accounts, statement of changes in equity, cash flow statement, and notes to the Group financial statements as well as a structured presentation of the additional disclosures required for the Group management report according to Article 36 of the 7th EU Directive. The Group annual accounts are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion, based on our audit, whether the Group annual accounts are in accordance with International Accounting Standards (IAS) and whether the conditions for exemption pursuant to Paragraph 292a Sect. 2 HGB (Handelsgesetzbuch: German Commercial Code) have been fulfilled.

We have conducted our audit of the consolidated financial statements in accordance with Paragraph 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the IDW (Institut der Wirtschaftsprüfer in Deutschland: Institute of Public Auditors in Germany) as well as the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Group financial statements in accordance with principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Group financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated Group accounts, the determination of entities to be included in the consolidated Group, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the Group financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the Group financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with IAS. Our audit, which also extends to the Group management report prepared by the Managing Board, has not led to any reservations. In our opinion, on the whole, the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the Group financial statements and Group management report satisfy the conditions required for the Company's exemption from its obligation to prepare Group financial statements and a Group management report in accordance with German law.

Stuttgart, 18 March 2002

ERNST & YOUNG
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Pfitzer	Elkart
Wirtschaftsprüfer	Wirtschaftsprüfer
(Independent Auditor)	(Independent Auditor)

Europe

Tower of the Stockholm airport, built with Swedish Cementa cement.

New efficient dry kiln at the Lixhe plant in Belgium.

Leimen cement plant - our oldest location in Germany.

Production of prefabricated concrete products at our Swedish location in Hallsberg.

Environmentally-friendly transport of cement silos by rail in the Czech Republic.

Castle Cement's cement plant in Ribblesdale, United Kingdom.

Dispatching hall for bagged cement in Vác, Hungary.

New noise reduction for marl and limestone drying in Maastricht, Netherlands.

North America

Newly-built Union Bridge cement plant in Maryland, US.

Delta cement plant in British Columbia, Canada.

Prefabricated concrete products and ready-mixed concrete are supplied by Sherman in the US.

Union Bridge is one of the most modern and largest cement plants in North America.

Ready-mixed concrete from our Canadian subsidiary Ocean.

Africa - Asia - Turkey

Cirebon cement plant in Java, Indonesia.

The Turkish cement plant Çanakkale on the Aegean coast manufactures products for the domestic market and exports.

On a marketing tour in Bangladesh, promoting the cement of our subsidiaries Scancement and Chittagong.

Kiln repair works in our Nigerian plant Sokoto.

Meeting of the African plant managers.

Cement grinding facilities
in the Sultanate of Brunei.

Glossary

Affiliated companies (§ 15 German Stock Company Law)	Affiliated companies are legally independent companies that are in a relationship to each other as majority owned companies and majority participation companies (§ 18), dependent or controlling companies (§ 17), group companies (§ 18), cross-held companies (§ 19), or contracting parties to a contract between business enterprises (§§ 291, 292).
Associated undertakings	Companies over which we exercise significant influence (participation quota of at least 20%).
Cash flow	Cash flow is a key figure for evaluating a company's financial worth and profitability. At HeidelbergCement, cash flow is calculated from the operating income before depreciation plus non-operating result before depreciation, and dividends and interest received, minus interest and taxes paid and the elimination of non-cash items.
Commercial Paper	Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs. Maturities can range from seven days to two years.
Earnings before interest and income taxes (EBIT)	Profit for the financial year before financial results and taxes on income.
Equity method	Consolidation method for depicting associated undertakings in group accounts. The participation is initially valued at the acquisition price and then constantly adjusted to the development of the associated undertaking's equity.
Euro Medium Term Notes (EMTN)	Debenture bonds issued as part of the EMTN Programme. An EMTN Programme represents a framework agreement made between the company and the banks appointed to be dealers. Heidelberger Zement AG has the option of floating debt issues up to a total volume of EUR 3 billion under its EMTN Programme.
EVA®	EVA® stands for "Economic Value Added" and is an integrated management and control concept developed by the consultancy firm Stern Stewart to measure value creation in companies.
Goodwill (IAS 22.41)	Positive difference between the consideration made to take over a company, and the fair value of the individual assets and liabilities at the time of the takeover.
Group consolidation	Consolidation of the financial statements of the parent company and its subsidiaries by adding together like items of assets, liabilities, equity, income and expenses.

Group share in profit Profit or loss for the financial year after deduction of minority interests.

International Accounting Standards (IAS) The IAS are accounting standards issued by the International Accounting Standards Board (IASB) for the purposes of international harmonisation and better comparability of consolidated accounts. HeidelbergCement has been preparing its Group annual accounts in accordance with IAS since 1994.

Investor relations Financial market communication of publicly listed companies.

Operating income Profit before tax (as shown in the profit and loss account) before non-operating result, results from participations and financial results.

Operating income before depreciation (OIBD) Operating income before depreciation and amortisation of tangible and intangible fixed assets.

Price-earnings ratio (PER) Share price divided by earnings per share.

Profit/loss for the financial year Profit/loss in the period.

Profitability Profit for the period (e.g. profit for the financial year) in relation to a reference value (capital employed or turnover). Typical key figures include return on total assets, return on equity and return on turnover.

Rating Classification of the credit standing of debt instruments and their issuers. Specialised agencies such as Standard & Poor's and Moody's produce such ratings. Ratings range from AAA or Aaa as the highest credit standing to C or D as the lowest.

Return on investment (ROI) Operating income before depreciation as a per cent of tangible and intangible fixed assets.

Stock option plan Long-term incentive scheme within the framework of value based corporate management. Participants include the Managing Board and selected senior managers of Heidelberger Zement AG and affiliated domestic and foreign companies. The entitled subscribers receive the option of acquiring Heidelberger Zement AG ordinary shares at certain conditions during defined exercise periods.

Syndicated loan Large-sized loan which is distributed ("syndicated") among several lenders for the purpose of risk spreading.

Xetra Exchange Electronic Trading. Xetra is the Deutsche Börse AG electronic securities trading platform. Around three quarters of Heidelberg ordinary shares are traded via Xetra.

Important dates 2002

Annual General Meeting	7 May 2002
Interim report January to March 2002	7 May 2002
Dividend payment	8 May 2002
Interim report January to June 2002 as well as analysts' and press conference	
Frankfurt	7 August 2002
London	8 August 2002
Interim report January to September 2002	11 November 2002

Translation of the Annual Report 2001
The German version is binding.

You find this Annual Report, further information and photos on HeidelbergCement on the Internet:

www.heidelbergcement.com

HEIDELBERGCEMENT

Heidelberger Zement Aktiengesellschaft
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Copies of the 2001 accounts of Heidelberger Zement Aktiengesellschaft and further information are available on request from Group Communication.

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Concept and realisation

Group Communication, HeidelbergCement
Marketing, HeidelbergCement Central Europe West
ServiceDesign, Malsch, Germany
ABC-Druck GmbH, Heidelberg, Germany

Photographs

HeidelbergCement photo archives
Picture Press, Hamburg: pages 14/15, 64
Corbis Stock Market, Düsseldorf: page 15
Mauritius Bildagentur GmbH, Mittenwald: pages 40, 44/45, 72, 73
Premium Stock Photography GmbH, Düsseldorf: pages 40, 41,
The Image Bank, Düsseldorf: page 41
Getty Images, Munich: page 128

Printed on environmentally friendly paper
bleached without chlorine.