

HEIDELBERGCEMENT

Interim Report



January to June 2004

- Changes in the Supervisory Board and Managing Board
- Improved earnings situation also in the second quarter
- First international emissions trading project developed
- Expectations for significant improvement in turnover and results over the full year confirmed

Financial highlights

EURm	April - June		January - June	
	2003	2004	2003	2004
Turnover	1,793	1,895	3,015	3,241
Operating income before depreciation (OIBD)	356	395	396	485
Operating income	193	273	81	240
Additional ordinary result	33	-18	46	-1
Results from participations	32	30	29	32
Earnings before interest and income taxes (EBIT)	258	284	156	272
Profit before tax	207	204	44	121
Profit for the financial year	139	159	-4	99
Group share in profit	137	155	-3	96
Investments	100	103	242	187

Letter to the shareholders

Ladies and Gentlemen,

The upturn in the global economy has become even more pronounced despite the increase in oil prices. In the euro zone, the economic recovery is still limited. The new EU member countries are growing more dynamically than the average. The revival in the German economy is attributable in particular to external economic factors.

In the first half of the year, Group turnover increased by 7.5 % to EUR 3,241 million (previous year: 3,015). Adjusted for currency and consolidation effects, the increase in turnover amounts to 4.1 %. The first-time consolidation of Indocement and the weak dollar exchange rate are significant influential factors. The slightly declining turnover contribution from our North America region, calculated in dollars, therefore corresponds to an increase of almost 9 %. The Central Europe East and Central Europe West regions generated the strongest increases in operating income before depreciation (OIBD) and operating income. This is a result of the significantly improved margins in both regions and a welcome increase in quantities in Central Europe East. The expanded consolidation scope in Asia, and the maxit Group, contributed to the increase in OIBD to EUR 485 million (previous year: 396). Operating income rose to EUR 240 million (previous year: 81). Due to changes in the accounting standards (IFRS 3), regular amortisation for goodwill will no longer apply. Like for like, operating income improved by EUR 77 million, a large part of which was due to operative improvements in Central Europe West and Central Europe East.

The additional ordinary result of EUR -1 million results essentially from sales of participations and exceptional depreciation (Impairment of Assets). The results from participations amounting to EUR 32 million (previous year: 29) are affected by positive market-related and seasonal factors as well as consolidation effects. The financial results decreased by EUR 39 million to EUR -150 million (previous year: -112). As the newly consolidated Indocement is financed in US dollars and Japanese yen for historical reasons, there were foreign exchange losses of EUR 40 million. Before consolidation effects, we were able to reduce interest expenses as a result of lower net indebtedness. The interest expenses of Indocement were added to this figure. Profit before tax of Heidelberg-Cement increased by EUR 77 million to EUR 121 million (previous year: 44). Taxes on income fell by EUR 27 million to EUR 22 million (previous year: 48) as a result of tax-free earnings and reimbursement of taxes in the reporting year. The negative tax effects from the previous year resulted from non-tax-deductible expenses (amortisation of goodwill) and additional tax payments.

■ Changes in the Supervisory Board and Managing Board

At the end of the Annual General Meeting on 6 May 2004, the period of office of all members of the Supervisory Board came to an end. There were changes in the representatives of both shareholders and employees. Dr. Bernd Scheifele was elected Chairman of the Supervisory Board.

On 30 June 2004, Managing Board members Håkan Fernvik, in charge of the Northern Europe region, and Paul Vanfrachem, in charge of Western Europe, Africa-Asia-Turkey and HC Trading, went into retirement. Managing Board member Daniel Gauthier has taken over the responsibilities of Paul Vanfrachem, in addition to the Northern Europe region. Managing Board member Andreas Kern is still in charge of the Central Europe West region and the maxit Group, and now also of the Central Europe East region.

■ International emissions trading project

Indocement was one of the first companies worldwide to develop a Clean Development Mechanism project: By introducing low-clinker cements and strengthening the use of secondary fuels, more than 500,000 tonnes of CO₂ emissions per year will be eliminated over the next ten years. The CO₂ reduction certificates generated as a result of this, will be sold to a fund managed by the World Bank and will contribute to financing investment measures.

■ Legal action against German Emissions Trading Act

At the end of July, HeidelbergCement instituted legal action against the German laws on emissions trading. HeidelbergCement welcomes emissions trading. However, the action is targeted against the excessively burdensome implementation of this legislation in Germany, which is unacceptable under the rule of law.

■ Cement and clinker sales volumes

In the first half of 2004, cement and clinker sales volumes increased across the Group to 30.7 million tonnes (previous year:

Cement and clinker sales volumes January - June

1,000 tonnes	2003	2004
Central Europe West	3,605	3,426
Western Europe	4,440	4,336
Northern Europe	2,584	2,520
Central Europe East	4,178	4,290
North America	5,789	6,340
Africa-Asia-Turkey	3,166	9,793
Total	23,762	30,705

23.8). In particular, increases in sales volumes were achieved in Central Europe East and North America. However, the fundamental reason for the 29 % increase in sales volumes is the first-time consolidation of Indocement. Excluding consolidation effects, sales volumes grew by 1.8 % in the first six months.

■ Employees

In the first half of the year, HeidelbergCement employed 42,698 people (previous year: 37,389) across the Group. The increase of 5,309 employees in comparison with the previous year resulted primarily from the consolidation of Indocement and our Chinese participation China Century Cement. This has more than compensated for reductions in the number of employees in all other regions due to disinvestments and restructuring measures.

■ Investments

In the first half of the year, cash relevant investments fell by 23 % in comparison with the previous year to EUR 187 million (previous year: 242). Of this figure, EUR 169 million (previous year: 156) was invested in tangible and intangible fixed assets and EUR 18 million (previous year: 86) in financial fixed assets. Disinvestments of EUR 65 million (previous year: 113) and consolidation scope changes of EUR 64 million (previous year: 3) led to a cash flow from investing activities totalling EUR -58 million (previous year: -126).

■ Prospects

A positive macroeconomic environment will also favour our markets in the second half of the year. However, construction demand in the euro zone remains behind the overall economic trend. In Germany, the economic recovery is linked to exports. The dynamic development in the US is only partially reflected in our Group's turnover and results figures, due to the weak dollar exchange rate. Strong and sustained impetus for growth is expected in the second half of the year, particularly in Central Europe East, Asia and Turkey. With further increased revenues and a lower cost structure, Germany is making a contribution to the satisfactory development of the Group. Our expectations for a significant improvement in turnover and results for the whole of 2004 have been confirmed by the progress in the second quarter.

Heidelberg, 5 August 2004

Yours sincerely,



Hans Bauer
Chairman of the Managing Board

Heidelberg Cement on the market

■ Central Europe West

The recovery of construction activity in Germany is still delayed. One-time effects in residential construction were not enough to compensate for the restrained investment from public and private clients. In the first half of the year, the cement and clinker sales volumes of our plants fell by 5 % to 3.4 million tonnes (previous year: 3.6). Excluding the first-time consolidation of the Bosenberg cement plant, sales volumes fell by 13 %. Our measures, aimed at once more achieving revenues that cover costs, led to regionally varied losses in sales volumes. Successes from cost savings and improved revenues are reflected in the development of results. Ready-mixed concrete sales volumes increased due to consolidations. The sand and gravel operating line also exceeded the previous year's volumes.

Turnover in the Central Europe West region rose by 6.4 % compared with the first half of 2003 to EUR 387 million (previous year: 364).

■ Western Europe

A steady upward trend in the United Kingdom and continued weakness in the Benelux countries characterised the varied development in construction activity in our Western Europe region. In Belgium and the Netherlands, the cement sales volumes of our plants fell, also as a result of imports from Germany. In order to reduce costs and better exploit synergy effects, we have joined our Belgian and Dutch cement operations since the beginning of the year across the two countries to form the unit CEM-BENE. In the United Kingdom, Castle Cement succeeded in increasing its cement sales volumes in a stable market. Revenues also increased slightly. In total, cement and clinker sales volumes in the Western Europe region fell by 2.3 % to 4.3 million tonnes (previous year: 4.4). The sales volumes of ready-mixed concrete and aggregates declined, too.

Turnover in the Western Europe region fell by 5.4 % to EUR 468 million (previous year: 495) as a result of the weak market situation in Belgium and the Netherlands.

Turnover by business lines January - June

Central Europe West

EURm	2003	2004
Cement	169	180
Concrete	152	166
Building materials	64	65
Intra-Group eliminations	-21	-24
Total turnover	364	387

Western Europe

EURm	2003	2004
Cement	360	346
Concrete	158	141
Building materials		
Intra-Group eliminations	-23	-18
Total turnover	495	468

■ Northern Europe

Due to the increased demand from residential construction and for infrastructure projects, the domestic sales volumes of our Scandinavian plants achieved an increase of almost 9 %. On the other hand, exports were still around 23 % below the previous year's level, as a result of the two-month shutdown of a kiln in the Norwegian Breivik plant, which was converted during the first quarter to allow increased use of secondary fuels. With a plus of 34 %, the Kunda plant in Estonia and the Cesla plant near St. Petersburg recorded a welcome increase in domestic sales volumes; with higher capacity utilisation, clinker exports from Kunda had to be cut back. In total, cement and clinker sales volumes in the Northern Europe region remained 2.5 % below the previous year at 2.5 million tonnes (previous year: 2.6). The ready-mixed concrete and aggregates activities performed positively, particularly in Norway, Estonia, Latvia and Russia.

Turnover in the Northern Europe region fell by 9.6 % to EUR 323 million (previous year: 358) as a result of the reduced scope of consolidation.

■ Central Europe East

The countries of the Central Europe East region continue to record robust economic growth and positive development in the construction activity. In Romania, and particularly in our main market Poland, we were able to increase cement sales volumes considerably. In Hungary, the figures did not reach the previous year's level, due to reduced export deliveries. Despite the sale of the Bulgarian cement activities at the end of 2003, cement and clinker deliveries in the Central Europe East region rose by 2.7 % to 4.3 million tonnes (previous year: 4.2). Excluding the negative consolidation effects, the sales volumes increased by 11.1 %. We achieved significant increases in ready-mixed concrete and aggregates, with a plus of 5 % and 20 % respectively.

Despite negative consolidation and currency effects, turnover increased by 4.5 % to EUR 281 million (previous year: 269).

Northern Europe

EURm	2003	2004
Cement	182	180
Concrete	173	161
Building materials	18	
Intra-Group eliminations	-15	-18
Total turnover	358	323

Central Europe East

EURm	2003	2004
Cement	220	223
Concrete	62	74
Building materials		
Intra-Group eliminations	-13	-16
Total turnover	269	281

■ North America

In the US, the upturn has become even more pronounced since the beginning of the year. The forecasts for construction and cement demand for the rest of the year are positive. The renewed rise in cement consumption, accompanied by severe difficulties in arranging cargo space for imports, led to bottlenecks and delays in some construction projects across the regions. In Canada, the positive trend continued, particularly on the West coast in the Vancouver area.

With slightly higher prices, we were able to achieve further increases in sales volumes in almost all our market regions. In the first half of the year, cement sales volumes showed the greatest increase in the Lehigh North region, with its urban centres of New York, Washington D.C. and Baltimore, with a plus of 12 %. Due to poor weather, sales volumes were only below the previous year's values in Canada's Prairie Provinces, our Inland market region. Our cement and clinker sales volumes in North America rose by 9.5 % in the first half of the year to a total of 6.3 million tonnes (previous year: 5.8), around 20 % of which were covered by imports - mainly from Group-owned locations. Sales volumes for the ready-mixed concrete operating line increased by 2.1 %; the volumes for aggregates fell by 3.2 %. The sales volume forecasts for the second half of 2004 and beyond remain good. Positive development of sales volumes and prices was counterbalanced in the first half of the year by increased expenses for repairs and freight.

As a result of the continuing weakness of the US dollar against the euro, turnover fell by 1.7 % in the first six months to EUR 777 million (previous year: 791); in national currency, however, turnover was almost 9 % above the previous year.

■ Africa-Asia-Turkey

In our African markets, demand continued to develop positively. In particular, our participations in Benin, Sierra Leone, Liberia, Nigeria and Tanzania achieved significant increases in sales volumes. In Asia, our cement and clinker sales volumes rose to almost 7 million tonnes (previous year: 0.5), as a result of the consolidation of Indocement on 1 January 2004 and the pro rata inclusion of China Cen-

Turnover by business lines January - June

North America

EURm	2003	2004
Cement	463	469
Concrete	390	379
Building materials		
Intra-Group eliminations	-62	-70
Total turnover	791	777

Africa-Asia-Turkey

EURm	2003	2004
Cement	214	438
Concrete	18	34
Building materials		
Intra-Group eliminations	-3	-9
Total turnover	230	464

tury Cement (since 1 July 2003). In Indonesia, continuing intense competitive pressure is characterising domestic market events, despite increasing cement consumption. The total sales volumes, including exports, of our subsidiary Indocement increased by 7.5 % to 5.7 million tonnes (previous year: 5.3). In China, the government has postponed some infrastructure projects in order to counteract an overheating of the economy. The sales volumes of our joint venture China Century Cement fell by 5% to 1.5 million tonnes (consolidated: 0.7 million tonnes). The construction of a new plant at the Guangzhou location is on schedule; it will increase our capacity in China by 1 million tonnes. Our Turkish participation Akçansa was able to increase its earnings substantially as a result of higher domestic sales volumes and further cost reductions. In total, the cement and clinker sales volumes of the Africa-Asia-Turkey region tripled to 9.8 million tonnes (previous year: 3.2).

Turnover rose to EUR 464 million (previous year: 230).

■ maxit Group

During the course of the year, the construction markets have recovered in nearly all the countries where the maxit Group operates. In Germany and the Benelux countries, however, demand remains weak. The cross-selling beyond country-borders of our wide range of products is developing effectively. The two new plants for dry mortar in China and Russia will be completed in spring 2005.

In the first half of the year, turnover increased by 5.8 % to EUR 518 million (previous year: 489).

■ Group Services

With a cement and clinker trade volume of 5.7 million tonnes (previous year: 5.5), HC Trading exceeded the previous year's quantity by 2.9%. Increased cement deliveries, primarily in the US and to Africa, have more than compensated for the declining volume of clinker.

Turnover in the Group Services unit, which also manages worldwide trading in fossil fuels, increased by 22.4 % to EUR 249 million (previous year: 203) as a result of significantly increased cargo rates.

maxit Group

EURm	2003	2004
Cement		
Concrete		
Building materials	489	518
Intra-Group eliminations		
Total turnover	489	518

HeidelbergCement interim accounts

Group profit and loss accounts

EUR '000s

Turnover

Change in stocks and work in progress

Own work capitalised

Operating revenues

Other operating income

Material costs

Employees and personnel costs

Other operating expenses

Operating income before depreciation (OIBD)

Depreciation and amortisation of tangible fixed assets

Depreciation and amortisation of intangible fixed assets

Operating income

Additional ordinary result

Results from associated undertakings

Results from other participations

Earnings before interest and income taxes (EBIT)

Interest income and expense

Foreign currency exchange gains and losses

Profit before tax

Taxes on income

Profit for the financial year

Minority interests

Group share in profit

Earnings per share in EUR (IAS 33)

April - June		January - June	
2003	2004	2003	2004
1,792,905	1,894,627	3,014,553	3,241,252
-26,706	-17,604	-24,086	-16,522
409	306	782	748
1,766,608	1,877,329	2,991,249	3,225,478
44,253	50,190	94,243	101,851
-669,728	-700,205	-1,202,367	-1,266,211
-352,485	-338,846	-680,095	-668,650
-432,966	-493,543	-807,046	-907,485
355,682	394,925	395,984	484,983
-114,523	-116,817	-223,120	-233,697
-48,048	-5,531	-92,032	-11,249
193,111	272,577	80,832	240,037
32,605	-18,368	45,833	-679
32,448	37,367	35,400	40,387
2	-7,534	-6,464	-8,232
258,166	284,042	155,601	271,513
-49,458	-53,150	-104,988	-111,420
-1,785	-27,241	-6,540	-39,056
206,923	203,651	44,073	121,037
-67,450	-44,884	-48,344	-21,731
139,473	158,767	-4,271	99,306
-2,144	-4,115	1,455	-2,863
137,329	154,652	-2,816	96,443
2.16	1.54	-0.04	0.96

Group cash flow statement

January - June

EUR '000s	2003	2004
Operating income before depreciation (OIBD)	395,984	484,983
Additional ordinary result before depreciation	50,788	10,827
Dividends received	13,685	6,167
Interest paid	-131,356	-108,783
Taxes paid	-39,857	-32,846
Elimination of non-cash items	19,249	27,606
Cash flow	308,493	387,954
Changes in operating assets	-285,478	-294,998
Changes in operating liabilities	-34,061	46,543
Cash flow from operating activities	-11,046	139,499
Intangible fixed assets	-3,805	-2,058
Tangible fixed assets	-152,160	-166,538
Financial fixed assets	-85,951	-17,905
Investments (cash outflow)	-241,916	-186,501
Proceeds from fixed asset disposals	113,144	64,883
Cash from changes in consolidation scope	3,221	63,615
Cash flow from investing activities	-125,551	-58,003
Dividend payments - HeidelbergCement AG		-114,446
Dividend payments - minority shareholders	-7,852	-4,977
Proceeds from bond issuance and loans	348,735	256,621
Repayment of bonds and loans	-204,786	-302,170
Cash flow from financing activities	136,097	-164,972
Net change in cash and cash equivalents	-500	-83,476
Effect of exchange rate changes	-12,398	-3,811
Cash and cash equivalents at 1 January	399,473	524,961
Cash and cash equivalents at 30 June*	386,575	437,674

* In the balance sheet, the item "Short-term investments" also lists the market value of hedging transactions and the "available for sale financial assets" amounting to EUR 81.2 million (previous year : 275.6).

Group balance sheet

Assets

EUR '000s	31 Dec. 2003	30 June 2004
Long-term assets		
Intangible fixed assets	2,505,258	2,604,967
Tangible fixed assets		
Land and buildings	1,621,290	1,932,157
Plant and machinery	2,492,667	2,835,356
Fixtures, fittings, tools and equipment	188,732	184,134
Payment on account and assets under construction	240,140	308,125
	4,542,829	5,259,772
Financial fixed assets		
Shares in associated companies	683,649	667,329
Shares in other participations	401,072	192,566
Loans to participations	30,308	17,552
Other loans	62,852	59,850
	1,177,881	937,297
Fixed assets	8,225,968	8,802,036
Deferred taxes	167,776	198,351
Other long-term receivables	101,466	104,405
	8,495,210	9,104,792
Short-term assets		
Stocks		
Raw materials and consumables	343,506	395,498
Work in progress	74,093	71,935
Finished goods and goods for resale	235,361	249,322
Payments on account	13,944	13,337
	666,904	730,092
Receivables and other assets		
Short-term financial receivables	157,659	181,876
Trade receivables	660,486	953,443
Other short-term operating receivables	184,515	227,405
Current income tax assets	40,847	47,223
	1,043,507	1,409,947
Short-term investments	238,579	135,758
Cash at bank and in hand	448,528	383,102
	2,397,518	2,658,899
Balance sheet total	10,892,728	11,763,691

Liabilities

EUR '000s	31 Dec. 2003	30 June 2004
Shareholders' equity and minority interests		
Subscribed share capital	255,104	258,421
Capital reserves	1,888,454	1,930,491
Revenue reserves	2,237,338	2,240,001
Currency translation	-342,286	-327,074
Company shares	-7,465	-7,465
Capital entitled to shareholders	4,031,145	4,094,374
Minority interests	153,902	444,689
	4,185,047	4,539,063
Long-term provisions and liabilities		
Provisions		
Provisions for pensions	461,579	487,236
Deferred taxes	518,737	518,117
Other long-term provisions	354,946	383,313
	1,335,262	1,388,666
Liabilities		
Debenture loans	2,021,152	1,995,768
Bank loans	845,578	1,286,847
Other long-term financial liabilities	529,815	604,590
	3,396,545	3,887,205
Other long-term operating liabilities	30,615	28,275
	3,427,160	3,915,480
	4,762,422	5,304,146
Short-term provisions and liabilities		
Provisions	87,221	79,357
Liabilities		
Bank loans (current portion)	521,667	484,206
Other short-term financial liabilities	372,243	324,370
	893,910	808,576
Trade payables	439,696	477,166
Current income taxes payables	60,622	89,293
Other short-term operating liabilities	463,810	466,090
	1,858,038	1,841,125
	1,945,259	1,920,482
Balance sheet total	10,892,728	11,763,691

Group equity capital grid

EUR '000s

	Subscribed share capital	Capital reserves
1 January 2003	163,468	1,526,016
Profit for the financial year		
Capital increase		
from issuance of new shares	5,000	73,125
out of revenue reserves	7,019	-7,019
Issuance of company shares		
Dividends		
Changes without effects on results		
Consolidation adjustments		
Financial instruments IAS 39		
Exchange rate		
30 June 2003	175,487	1,592,122
1 January 2004	255,104	1,888,454
Profit for the financial year		
Capital increase		
from issuance of new shares	3,317	42,037
Dividends		
Changes without effects on results		
Consolidation adjustments		
Financial instruments IAS 39		
Exchange rate		
30 June 2004	258,421	1,930,491

¹⁾ Thereof '000s EUR 22,794 from adjustment according to IFRS 3.81

²⁾ Realised currency translation adjustments

Revenue reserves	Currency translation	Company shares	Capital entitled to share-holders	Minority interests	Total
2,123,302	-110,613	-10,123	3,692,050	153,957	3,846,007
-2,816			-2,816	-1,455	-4,271
			78,125		78,125
		2,658	2,658		2,658
				-7,852	-7,852
141			141	12,197	12,338
-16,230			-16,230		-16,230
-1,097 ²⁾	-98,754		-99,851	-3,406	-103,257
2,103,300	-209,367	-7,465	3,654,077	153,441	3,807,518
2,237,338	-342,286	-7,465	4,031,145	153,902	4,185,047
96,443			96,443	2,863	99,306
			45,354		45,354
-114,446			-114,446	-4,977	-119,423
22,213 ¹⁾			22,213	326,557	348,770
557			557		557
-2,104 ²⁾	15,212		13,108	-33,656	-20,548
2,240,001	-327,074	-7,465	4,094,374	444,689	4,539,063

Notes to the interim accounts

■ Accounting and consolidation principles

The Group accounts of HeidelbergCement as of 30 June 2004 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the balance sheet date.

The only significant change in the accounting and valuation principles compared with 31 December 2003 was that IFRS 3 (Business Combinations) was used for the first time. According to the standard published by IASB at the end of March 2004, all business combinations must be accounted for using the purchase method. Goodwill amortisation is now prohibited under IFRS 3. Instead goodwill must be tested for impairment at least annually in accordance with IAS 36 (Impairment of Assets). In addition, IFRS 3 states that negative goodwill cannot be recognised as a liability. If the purchase of a company leads to negative goodwill, it must be recognised immediately as a gain in the income statement. This meant that in the first half of the year a gain of EUR 3 million was recorded as income. Negative goodwill from previous years amounting to EUR 23 million has been charged directly to revenue reserves, with no effect on results.

The significant goodwill resulting from the first-time consolidation of PT Indocement Tungal Prakarsa Tbk. and Bosenberg Bucker-Flürenbrock GmbH & Co. KG amounts to EUR 52 million and EUR 45 million respectively. The goodwill comprises market shares purchased that cannot be assigned to any other determinable and separable intangible fixed assets. The purchase of Bosenberg Bucker-Flürenbrock GmbH & Co. KG took place in exchange for issuing new HeidelbergCement shares.

In the second quarter of 2004, there was extraordinary amortisation (Impairment of Assets) of EUR 5 million for goodwill and EUR 6 million for tangible fixed assets.

Results from participations comprise both income from other participations and depreciation of financial fixed assets.

■ **Seasonal nature of the business**

HeidelbergCement's production and sales position is influenced to a large extent by regional weather conditions. The positive growth in volumes and results witnessed in the second quarter of 2004 is also a reflection of the global economic recovery.

■ Scope of consolidation

We detail below the regional changes in the scope of consolidation since 31 December 2003.

With the exception of Lithonplus GmbH & Co. KG and TBG Transportbeton Franken GmbH & Co. KG, which were proportionately included, all companies that are fully consolidated for the first time have been included in the Group accounts. The percentage of shares owned by the Group in each case is given in brackets.

Central Europe West

On 1 January 2004, HeidelbergCement acquired the Westphalian company Portland-Zementwerk Bosenberg Bücken-Flürenbrock GmbH & Co. KG, Ahlen (100.0). In addition, the companies Lithonplus GmbH & Co. KG, Lingenfeld (60.0), TBG Fertigbeton Köln GmbH & Co. KG, Cologne (97.6), TBG Transportbeton Rhein-Haardt GmbH & Co. KG, Speyer (70.0), TBG Transportbeton Franken GmbH & Co. KG, Nürnberg (51.0) and Wetterauer Lieferbeton GmbH & Co. KG, Bad Nauheim (57.5) have been included for the first time.

Western Europe

In Western Europe, the company HC UK Ltd., Birmingham (100.0) has been included in the scope of consolidation for the first time. This is counterbalanced by the deconsolidation of the two Dutch companies Enci-Ijmuiden B.V., Ijmuiden, and Enci-Maastricht B.V., Maastricht.

Northern Europe

On 1 January 2004, the scope of consolidation was extended to include the Estonian company Kunda Port AS, Kunda (75.5), the Icelandic company Norcem a Islandi Ehf (100.0) in Reykjavik and the Swedish company SRS Rail Vehicles, Stockholm (100.0). However, the Danish company H+H Fiboment A/S, Vejle, and the Swedish company SRS Industri AB, Ystad, were deconsolidated.

Central Europe East

The Bulgarian companies Zlatna Panega AD, Zlatna Panega, and Zlatna Panega Beton EOOD Group, Zlatna Panega, left the scope of consolidation.

Africa-Asia-Turkey

The Indonesian company PT Indocement Tunggal Prakarsa Tbk. (32.8) in Jakarta will be included in the Group accounts for the first time as a result of the restrictions on capital transfer being lifted on 1 January 2004. In addition, Heidelberger Zement South East Asia GmbH, Heidelberg (50.3) and Meghna Energy Ltd., Bangladesh (100.0) are consolidated for the first time.

maxit Group

The British company m-tec UK Ltd., Warrington, Cheshire (100.0) and the company maxit Baustoffe GmbH, Lassee (100.0), based in Austria, were included in the consolidation scope of the maxit Group for the first time.

The opening balance sheet values and results of companies included for the first time in the Group accounts in the first half of the year are as follows, in accordance with IFRS 3.67 ff (Business Combinations):

Assets

EUR '000s	Indocement	Others	Total
Long-term assets			
Intangible fixed assets		3,124	3,124
Tangible fixed assets	851,941	15,522	867,463
Financial fixed assets	2,284	15,502	17,786
Fixed assets	854,225	34,148	888,373
Deferred taxes	321		321
Other long-term receivables	7,487		7,487
	862,033	34,148	896,181
Short-term assets			
Stocks	71,453	2,834	74,287
Receivables and other assets	36,194	8,380	44,574
Short-term investments	519		519
Cash at bank and in hand	62,834	1,652	64,486
	171,000	12,866	183,866
Balance sheet total	1,033,033	47,014	1,080,047

Results for the companies consolidated for the first time in the first half of 2004

EUR '000s	Indocement	Others	Total
Profit for the financial year	-12,111	-2,920	-15,031
Minority interests	8,140	56	8,196
Group share in profit	-3,971	-2,864	-6,835

Liabilities

EUR '000s	Indocement	Others	Total
Shareholders' equity and minority interests			
Capital entitled to shareholders	478,914	14,417	493,331
Long-term provisions and liabilities			
Provisions	30,082	1,313	31,395
Liabilities	450,477	12,347	462,824
	480,559	13,660	494,219
Short-term provisions and liabilities			
Provisions		339	339
Liabilities	73,560	18,598	92,158
	73,560	18,937	92,497
Balance sheet total	1,033,033	47,014	1,080,047

Segment reporting

Regions January to June 2004 (primary reporting format under IAS 14 No. 50 ff.)

EURm	Central Europe West		Western Europe	
	2003	2004	2003	2004
External turnover	355	381	489	459
Inter-region turnover	9	7	6	9
Turnover	364	387	495	468
Change to prior year in %		6.4%		-5.4%
Operating income before depreciation (OIBD)	4	33	95	70
in % of turnover	1.2%	8.6%	19.2%	14.9%
Depreciation	44	37	63	41
Operating income	-40	-4	32	29
in % of turnover	-10.9%	-1.0%	6.4%	6.3%
Results from participations	25	28	2	4
Additional ordinary result				
Earnings before interest and income taxes (EBIT)	-15	24	34	34
Investments¹⁾	95	18	22	22
Employees	4,660	4,456	3,863	3,711

¹⁾ Investments = in the segments columns: tangible and intangible fixed asset investments;
in the reconciliation column: financial fixed asset investments

Turnover development

by regions and business lines January to June 2004

EURm	Cement	
	2003	2004
Central Europe West	169	180
Western Europe	360	346
Northern Europe	182	180
Central Europe East	220	223
North America	463	469
Africa-Asia-Turkey	214	438
maxit Group		
Total	1,607	1,837
Group Services		
Inter-region turnover		
Total Group		

Northern Europe		Central Europe East		North America		Africa-Asia-Turkey	
2003	2004	2003	2004	2003	2004	2003	2004
322	297	265	277	791	777	220	432
35	27	4	4			10	31
358	323	269	281	791	777	230	464
	-9.6%		4.5%		-1.7%		101.7%
37	31	53	79	113	110	31	90
10.4%	9.5%	19.8%	28.2%	14.3%	14.2%	13.6%	19.5%
41	28	37	26	66	49	21	35
-4	3	16	53	47	62	11	55
-1.2%	0.8%	5.9%	18.8%	5.9%	7.9%	4.7%	11.9%
1	1	-1	-1	-3		4	-1
-3	3	15	52	44	61	15	54
13	17	36	26	45	41	12	26
4,711	4,101	10,097	8,332	6,132	5,912	2,844	11,232

Concrete		Building materials		Intra Group eliminations		Total	
2003	2004	2003	2004	2003	2004	2003	2004
152	166	64	65	-21	-24	364	387
158	141			-23	-18	495	468
173	161	18		-15	-18	358	323
62	74			-13	-16	269	281
390	379			-62	-70	791	777
18	34			-3	-9	230	464
		489	518			489	518
952	954	571	582	-136	-155	2,995	3,218
						203	249
						-184	-226
						3,015	3,241

maxit Group		Group Services		Reconciliation		Group	
2003	2004	2003	2004	2003	2004	2003	2004
487	517	86	101			3,015	3,241
2	1	117	147	-184	-226		
489	518	203	249	-184	-226	3,015	3,241
	5.8%		22.4%				7.5%
55	68	7	3			396	485
11.3%	13.2%	3.3%	1.2%			13.1%	15.0%
41	29	1				315	245
14	40	6	3			81	240
2.9%	7.6%	2.7%	1.1%			2.7%	7.4%
1	1					29	32
				46	-1	46	-1
15	41	6	3	46	-1	156	272
13	19			87	18	323	187
5,037	4,903	44	51			37,389	42,698

Exchange rates

		Exchange rates on reporting day		Average exchange rates	
		31 Dec. 2003	30 June 2004	01-06/ 2003	01-06/ 2004
Country		EUR	EUR	EUR	EUR
USD	US	1.2578	1.2185	1.1058	1.2231
CAD	Canada	1.6307	1.6239	1.6034	1.6404
GBP	Great Britain	0.7047	0.6698	0.6858	0.6719
HRK	Croatia	7.6516	7.3443	7.5681	7.4969
IDR	Indonesia	10.6473	11.4722	9.5693	10.7552
NOK	Norway	8.3887	8.4432	7.7666	8.4175
PLN	Poland	4.6922	4.4999	4.2732	4.7168
ROL	Romania	41,155	40,641	¹⁾	¹⁾
SEK	Sweden	9.0514	9.1611	9.1618	9.1639
CZK	Czech Republic	32.2902	31.8504	31.5592	32.3878
HUF	Hungary	262.5909	250.3774	247.5123	254.6171
TRL	Turkey	1,762,304	1,806,426	¹⁾	¹⁾

¹⁾ In accordance with IAS 21.30 (b) the income and expenses are converted using the exchange rates on the reporting day.

Financial calendar 2004/2005

Interim Report January to September 2004	9 November 2004
First overview of the financial year 2004	22 February 2005
Analysts' and press conference on annual accounts	23/24 March 2005
Interim Report January to March 2005	4 May 2005
Annual General Meeting	4 May 2005

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