

Interim Report January to June 2005



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- Adjusted Group turnover rises by 7.0 %
- North America makes the strongest contribution to growth
- Improved results due to volume and price increases in almost all regions
- Germany cyclically below planned levels
- China under increasing competitive pressure
- Takeover bid by Spohn Cement GmbH at EUR 60 per share
- Spohn Cement together with persons acting in concert with them held a 66.8 % stake on 26 July 2005

Overview January - June 2005

EURm	April - June		January - June	
	2004	2005	2004	2005
Turnover	1,895	2,142	3,241	3,498
Operating income before depreciation (OIBD)	395	449	485	534
Operating income	273	325	240	291
Additional ordinary result	-18	36	-1	15
Results from participations	30	42	32	53
Earnings before interest and income taxes (EBIT)	284	403	272	359
Profit before tax	204	342	121	244
Profit for the financial year	159	235	99	138
Group share in profit	155	218	96	113
Investments	103	281	187	421

Letter to the shareholders

Ladies and Gentlemen,

The economic development in the western developed countries, and particularly in Europe, has weakened as a result of the dramatic rise in oil prices. In the US, the stable economic growth continued. The upturn continues to be strongest in the emerging countries of East and South-East Asia. In Germany, domestic demand is extremely weak this year. A decline is expected once again for the construction industry. While improvement is expected in international economic development, there is no clear sign of a trend reversal in Germany, despite the improvement in several indicators.

In the first half of the year, Group turnover increased by 7.9 % to EUR 3,498 million (previous year: 3,241). Adjusted for currency and consolidation effects, the increase amounts to 7.0 %. Once again, North America recorded the strongest growth, but a welcome improvement in turnover was also achieved in Northern Europe and Africa-Asia-Turkey; price increases contributed to this to a varying extent in different regions.

At EUR 534 million (previous year: 485), operating income before depreciation (OIBD) was 10.2 % above the previous year's level. North America made the strongest contribution to growth in both OIBD and operating income. The US dollar, which rose again recently, supported this development. However, the other regions were also able to at least partially compensate for the shortfalls of the first few months, which were due to adverse weather conditions. The additional ordinary result of EUR 15.2 million (previous year: -0.7) essentially results from the sale of parts of our concrete products business in the US. Our French participation Vicat considerably influenced the results from participations, which amounted to EUR 41.7 million (previous year: 29.8) in the second quarter.

The financial results increased by EUR 35 million to EUR -115 million (previous year: -150). This was primarily due to the fact that no foreign exchange loss was incurred at Indocement, as it was in the previous year.

Profit before tax amounts to EUR 244 million (previous year: 121). As a result of the welcome increase in results and revised German tax laws, taxes on income rose in the first half of 2005 by EUR 84 million to EUR 106 million (previous year: 22). As a result of the positive development of Indocement's profit for the financial year, the minority interests total EUR 25 million (previous year: 3). The Group share in profit amounts to EUR 113 million (previous year: 96).

Takeover bid by Spohn Cement GmbH

On 28 June 2005, Spohn Cement GmbH submitted a takeover bid to the shareholders of HeidelbergCement AG. In a detailed statement published on 11 July 2005, the Managing Board welcomes the takeover bid and indicates that the bid price of EUR 60 per share is adequate. The Managing Board feels strengthened and supported in its strategy by the aims of Spohn Cement as expressed in the bid document. In a separate statement, the Supervisory Board agreed with this assessment of the takeover bid.

Spohn Cement GmbH is owned by members of the Merckle family, who have held shares in HeidelbergCement for decades and are also represented in our Supervisory Board.

As of the end of the acceptance period on 26 July, the offer had been accepted for a total of 40,788,797 shares. This brings the total number of HeidelbergCement shares for which the offer has been accepted, plus the shares already held by Spohn Cement together with persons acting in concert with them and their subsidiaries, according to the German Securities Acquisition and Takeover Act, to 76,982,656 shares, which corresponds to 66.8 % of the share capital and voting rights of HeidelbergCement AG. The additional respite for accepting the takeover bid began on 30 July and ends on 12 August 2005.

Cement and clinker sales volumes

By the end of June, the heavy losses of the first quarter, resulting from adverse weather conditions, were not yet completely compensated for. Overall, cement and clinker sales volumes rose by 2.7 % to 31.5 million tonnes (previous year: 30.7) in the first half of the year, as a result of continuing increases in North America, Northern Europe and Africa-Asia-Turkey. Excluding consolidation effects, the total sales volumes were still slightly below the previous year's level after six months.

Cement and clinker sales volumes January - June

1,000 tonnes	2004	2005
Central Europe West	3,426	3,314
Western Europe	4,336	4,171
Northern Europe	2,520	2,693
Central Europe East	4,290	4,608
North America	6,341	6,788
Africa-Asia-Turkey	9,793	9,965
Total	30,706	31,539

Employees

In the first half of the year, HeidelbergCement employed 42,055 people (previous year: 42,698) across the Group. The decrease of 650 employees results from restructuring measures in almost all regions.

Investments

In the first half of the year, cash relevant investments increased by EUR 234 million in comparison with the previous year to EUR 421 million (previous year: 187). Of this figure, EUR 208 million (previous year: 169) was invested in tangible fixed assets and EUR 213 million (previous year: 18) in financial fixed assets. Net cash from disinvestments amounted to EUR 100 million (previous year: 65).

Prospects

Despite the weakening of the global economic environment, we again anticipate a moderate increase in sales volumes and turnover for the whole of 2005. The construction industry in the US, the new EU countries and Asia remains solid. In Germany, growth is expected to recover next year; on the other hand, a decline is forecast once again for construction activity.

Due to the positive international economic development, we expect a noticeable increase in operating activities for the full year. However, heavily increasing energy costs are affecting the level of improvement in results this year. In Europe and the US, electricity prices are significantly higher than in the previous year. We are striving to offset increased fuel costs through the increased use of alternative raw materials.

Our project "win" with the aim to reduce costs and increase efficiency will not have a significant effect until next year. Our objective is to become cost leader. Therefore, we work very hard to markedly reduce complexity within the organisation and to standardise core processes world-wide. These are prerequisites for benchmarking and the Group-wide application of best practices. With these measures, we strengthen the international competitiveness of HeidelbergCement and form the basis for further profitable growth.

Heidelberg, 9 August 2005

Yours sincerely,



Dr. Bernd Scheifele
Chairman of the Managing Board

HeidelbergCement on the market

Central Europe West

Construction activity in Germany decreased further during the first six months of the year. In this period, the cement sales volumes of the German cement industry dropped by 11 % in comparison with the previous year, falling to their lowest level since the fifties. The cement and clinker sales volumes of our plants decreased by 3.3 % to 3.3 million tonnes (previous year: 3.4) by the end of June. Excluding the first-time consolidation of our subsidiary Teutonia Zementwerk AG, sales volumes would have fallen by 8.3 %. The decline in cement demand was cyclically heavier than expected and therefore we could not compensate in the second quarter for the large losses in quantities caused by adverse weather conditions during the winter months. We will continue to economically increase the prices consistently step by step, which remain considerably lower than the level of our neighbouring countries in the EU.

As part of the streamlining of leadership structures in Northern Germany, we began merging Anneliese Zementwerke AG into the parent company HeidelbergCement AG. Deliveries of ready-mixed concrete and aggregates also declined during the first half of the year. The heavy losses of the first three months were only partially compensated for in these business lines.

Turnover in the Central Europe West region decreased slightly in the first six months by 0.5 % to EUR 385 million (previous year: 387).

Western Europe

After the cold winter months, construction activity in Belgium and the Netherlands increased more strongly again in the second quarter. This allowed us to offset the heavy volume losses of the first few months. Both countries are continuing to suffer from the effects of the low price level on the German market. The restructuring of our Belgian and Dutch cement activities, with the aim to reduce costs and increase productivity, is continuing. In the United Kingdom, sales volumes are still lower than the previous year's level, due to the entry of a new competitor onto the market. We expect a significant increase in sales volumes for the second half of the year. Overall, the cement and clinker sales volumes of our plants in Western Europe decreased by 3.8 % to 4.2 million tonnes (previous year: 4.3). Sales volumes of ready-mixed concrete exceeded the previous year's level due to new consolidations, while deliveries of aggregates declined slightly.

Turnover development by business lines January - June

Central Europe West

EURm	2004	2005
Cement	180	189
Concrete	166	158
Building materials	65	62
Intra-Group eliminations	-24	-24
Total turnover	387	385

Western Europe

EURm	2004	2005
Cement	346	333
Concrete	141	142
Building materials		
Intra-Group eliminations	-18	-26
Total turnover	468	449

Overall, turnover in Western Europe fell by 4.2 % to EUR 449 million (previous year: 468) by the end of June.

Northern Europe

Construction activity in the countries of the Northern Europe region continued to develop favourably. The domestic sales volumes of our Scandinavian cement plants achieved a significant growth, primarily due to the increase in new residential building in Sweden and Norway and the intensified level of civil engineering activities in Sweden. While export deliveries from the Norwegian plants rose slightly, exports from Sweden remained below the previous year's level. The Kunda plant in Estonia and the Cesla plant near Saint Petersburg also recorded a welcome increase in domestic sales volumes. Kunda had to dispense with other clinker exports altogether in order to support the Cesla plant. After the modernisation and capacity increase of the cement kiln, clinker production restarted in Cesla at the end of July. In total, the cement and clinker sales volumes of the Northern Europe region increased by 6.9 % in comparison with the previous year to 2.7 million tonnes (previous year: 2.5). Ready-mixed concrete and aggregates deliveries also achieved noticeable increases of 18.0 % and 4.9 %, respectively.

Turnover in the Northern Europe region rose by 13.8 % to EUR 368 million (previous year: 323).

Central Europe East

In the first half of 2005, the countries of our Central Europe East region recorded solid economic growth. For the full year, growth rates are forecast to be partly significantly higher than the EU average. By the end of June, our subsidiaries had been able to partially compensate for the declines in sales volumes in the first quarter due to adverse weather conditions. In our main market, Poland, as well as in Hungary, deliveries once again remained significantly below the level of the same period last year. In Ukraine, we markedly increased sales volumes despite price increases. In total, cement and clinker sales volumes in the Central Europe East region grew by 7.4 % to 4.6 million tonnes (previous year: 4.3) due to new consolidations. The Hungarian participation Duna-Dráva Cement, previously proportionately consolidated as a joint venture, and its subsidiary Tvornica Cementa Kakanj in Bosnia-Herzegovina, have been fully included in the consolidation scope since the beginning of the year. Deliveries of aggregates and, in particular, ready-mixed concrete developed positively.

Also due to positive exchange rate effects, turnover increased by just under 22 % to EUR 343 million (previous year: 281).

Northern Europe

EURm	2004	2005
Cement	180	202
Concrete	161	187
Building materials		
Intra-Group eliminations	-18	-21
Total turnover	323	368

Central Europe East

EURm	2004	2005
Cement	223	270
Concrete	74	98
Building materials		
Intra-Group eliminations	-16	-26
Total turnover	281	343

North America

In the first half of 2005, the strong growth rate of the previous year continued in the US, weakening only slightly. The continuing increase in cement consumption combined with the shortage of shipping space for imported cement led to supply bottlenecks in some regions.

Sales volumes also rose in the second quarter, with increased prices in almost all market regions. We recorded the strongest growth in sales volumes in the Canadian Prairie Provinces of our Lehigh Inland market region, with an increase of around 17 %. In the Lehigh South region, we have so far only been able to reach a level just below that of the previous year, due to the extensive winter repairs in the cement plant in Leeds, Alabama, as well as supply bottlenecks for imported cement. Overall, the cement and clinker sales volumes in the first half of the year were 7.0 % above the previous year, with 6.8 million tonnes (previous year: 6.3). Excluding the full consolidation of Glens Falls, the increase would be 3.8 %. In the ready-mixed concrete operating line, sales volumes rose by 9.3 %; quantities of aggregates increased by 9.8 %.

In the first six months, turnover rose by 17.3 % to EUR 912 million (previous year: 777); in the national currency, the turnover increased by as much as 23.2 % in comparison with the previous year.

Africa-Asia-Turkey

The cement and clinker sales volumes of the Africa-Asia-Turkey region increased slightly by 1.8 % to 10.0 million tonnes (previous year: 9.8).

In our African markets, the positive development in demand continued in the second quarter of 2005. In particular, our participations in Benin, Tanzania, Niger, Togo and the Republic of Congo recorded significant increases in sales volumes. We were also able to slightly exceed the previous year's high level once again in our main market, Ghana. Cement deliveries decreased considerably in Nigeria as a result of repair measures.

In Asia, our cement and clinker sales volumes rose by 3.0 % to 7.2 million tonnes (previous year: 7.0). In June, we increased our share in Indocement to 65.1 %. Despite intense competition on the Indonesian cement market, our subsidiary was able to increase its domestic sales volumes by 12 %; including exports, the sales volumes were 2.5 % above the

Turnover development by business lines January - June

North America

EURm	2004	2005
Cement	469	540
Concrete	379	442
Building materials		
Intra-Group eliminations	-70	-71
Total turnover	777	912

Africa-Asia-Turkey

EURm	2004	2005
Cement	438	470
Concrete	34	39
Building materials		
Intra-Group eliminations	-9	-13
Total turnover	464	496

previous year, with 5.8 million tonnes (previous year: 5.7). Our Chinese joint venture China Century Cement increased its sales volumes by 8.6 % to 1.6 million tonnes (consolidated: 0.8 million tonnes) despite new government measures to stem the property and construction boom. As scheduled, the commissioning of the new plant in Guangzhou with an annual capacity of 2.3 million tonnes was in July 2005. The result in China suffered from intensive competition in the cement and ready-mixed concrete area as well as from the commissioning of the new kiln.

In Turkey, the domestic sales volumes of our participation Akçansa increased considerably, boosted by lively residential construction activity. Due to the unexpectedly healthy situation on the domestic market, exports were cut back significantly.

Turnover in the Africa-Asia-Turkey region increased overall by 7.0 % to EUR 496 million (previous year: 464).

maxit Group

The maxit Group's major markets in Europe recovered in the course of the second quarter. Sales volumes benefited from this in nearly all product lines. Demand remained weak in Germany and the Benelux countries.

The two newly constructed dry mortar plants in China and Russia will start production in August and September, respectively. In China, in view of the Olympic Games in 2008, we are focusing on establishing ourselves as a strong player on the Beijing market.

In the first half of the year, the maxit Group's turnover was 2.2 % above the previous year with a total of EUR 529 million (previous year: 518).

Group Services

HC Trading's total trade volume decreased by 3.9 % in the first half of the year to 5.9 million tonnes (previous year: 6.1). Increased deliveries of dry mortar and related materials could not compensate for the smaller quantities of cement and clinker.

Turnover of the Group Services business unit, which also includes worldwide trading in fossil fuels, increased by 12.6 % to EUR 280 million (previous year: 249) as a result of significantly higher freight rates.

maxit Group

EURm	2004	2005
Cement		
Concrete		
Building materials	518	529
Intra-Group eliminations		
Total turnover	518	529

Group profit and loss accounts

January - June

EUR '000s	April - June		January - June	
	2004	2005	2004	2005
Turnover	1,894,627	2,142,279	3,241,252	3,497,637
Change in stocks and work in progress	-17,604	-14,565	-16,522	19,550
Own work capitalised	306	284	748	454
Operating revenues	1,877,329	2,127,998	3,225,478	3,517,641
Other operating income	50,190	50,173	101,851	92,255
Material costs	-700,205	-796,033	-1,266,211	-1,382,748
Employees and personnel costs	-338,846	-371,762	-668,650	-711,735
Other operating expenses	-493,543	-561,337	-907,485	-981,153
Operating income before depreciation (OIBD)	394,925	449,039	484,983	534,260
Depreciation and amortisation of tangible fixed assets	-116,817	-121,097	-233,697	-238,614
Depreciation and amortisation of intangible assets	-5,531	-2,447	-11,249	-4,843
Operating income	272,577	325,495	240,037	290,803
Additional ordinary result	-18,368	36,284	-679	15,200
Results from associated companies	37,367	37,316	40,387	46,575
Results from other participations	-7,534	4,401	-8,232	6,482
Earnings before interest and income taxes (EBIT)	284,042	403,496	271,513	359,060
Interest income and expense	-53,150	-59,325	-111,420	-115,270
Exchange rate gains and losses	-27,241	-1,675	-39,056	24
Profit before tax	203,651	342,496	121,037	243,814
Taxes on income	-44,884	-107,990	-21,731	-105,794
Profit for the financial year	158,767	234,506	99,306	138,020
Minority interests	-4,115	-16,698	-2,863	-24,990
Group share in profit	154,652	217,808	96,443	113,030
Earnings per share in EUR (IAS 33)	1.54	2.09	0.96	1.07

Group cash flow statement

January - June

EUR '000s	2004	2005
Operating income before depreciation (OIBD)	484,983	534,260
Additional ordinary result before depreciation	10,827	14,494
Dividends received	6,167	16,906
Interest paid	-108,783	-168,250
Taxes paid	-32,846	-65,789
Elimination of non-cash items	27,606	17,121
Cash flow	387,954	348,742
Changes in operating assets	-294,998	-397,190
Changes in operating liabilities	46,543	42,161
Cash flow from operating activities	139,499	-6,287
Intangible assets	-2,058	-3,479
Tangible fixed assets	-166,538	-205,065
Financial fixed assets	-17,905	-212,606
Investments (cash outflow)	-186,501	-421,150
Proceeds from fixed asset disposals	64,883	99,597
Cash from changes in consolidation scope	63,615	19,999
Cash flow from investing activities	-58,003	-301,554
Capital increase		271,512
Dividend payments – HeidelbergCement AG	-114,446	-55,491
Dividend payments – minority shareholders	-4,977	-20,448
Proceeds from bond issuance and loans	256,621	580,008
Repayment of bonds and loans	-302,170	-391,003
Cash flow from financing activities	-164,972	384,578
Net change in cash and cash equivalents	-83,476	76,737
Effect of exchange rate changes	-3,811	-28,959
Cash and cash equivalents at 1 January	524,961	305,009
Cash and cash equivalents at 30 June*	437,674	352,787

* In the balance sheet, the item "Short-term investments and similar rights" also lists the market value of hedging transactions and the "available for sale financial assets" amounting to EUR 70.1 million (previous year: 81.2).

Group balance sheet

Assets

EUR '000s	31 Dec. 2004	30 June 2005
Long-term assets		
Intangible assets	2,297,697	2,383,775
Tangible fixed assets		
Land and buildings	1,872,849	2,005,206
Plant and machinery	2,684,415	2,816,264
Fixtures, fittings, tools and equipment	171,124	176,110
Payment on account and assets under construction	330,302	450,388
	5,058,690	5,447,968
Financial fixed assets		
Shares in associated companies	655,987	708,690
Shares in other participations	205,455	236,540
Loans to participations	12,792	13,995
Other loans	51,843	49,636
	926,077	1,008,861
Fixed assets	8,282,464	8,840,604
Deferred taxes	168,271	191,979
Other long-term receivables	48,884	63,105
	8,499,619	9,095,688
Short-term assets		
Stocks		
Raw materials and consumables	413,496	458,997
Work in progress	79,916	97,555
Finished goods and goods for resale	244,207	283,465
Payments on account	20,847	22,653
	758,466	862,670
Receivables and other assets		
Short-term financial receivables	138,486	206,724
Trade receivables	738,207	1,112,860
Other short-term operating receivables	157,339	204,186
Current income tax assets	38,640	46,396
	1,072,672	1,570,166
Short-term investments and similar rights	117,436	86,917
Cash at bank and in hand	267,714	336,011
	2,216,288	2,855,764
Balance sheet total	10,715,907	11,951,452

Liabilities

EUR '000s	31 Dec. 2004	30 June 2005
Shareholders' equity and minority interests		
Subscribed share capital	258,421	295,004
Capital reserves	1,930,491	2,475,042
Revenue reserves	1,720,735	1,803,790
Currency translation	-372,498	-237,809
Company shares	-2,936	-2,936
Capital entitled to shareholders	3,534,213	4,333,091
Minority interests	429,110	436,020
	3,963,323	4,769,111
Long-term provisions and liabilities		
Provisions		
Provisions for pensions	576,547	612,488
Deferred taxes	470,436	505,970
Other long-term provisions	549,061	466,781
	1,596,044	1,585,239
Liabilities		
Debenture loans	1,949,188	1,468,227
Bank loans	1,025,294	1,400,571
Other long-term financial liabilities	524,505	541,015
	3,498,987	3,409,813
Other long-term operating liabilities	7,138	8,523
	3,506,125	3,418,336
	5,102,169	5,003,575
Short-term provisions and liabilities		
Provisions	110,013	115,649
Liabilities		
Bank loans (current portion)	219,697	495,698
Other short-term financial liabilities	334,831	407,469
	554,528	903,167
Trade payables	488,934	518,529
Current income taxes payables	55,280	106,281
Other short-term operating liabilities	441,660	535,140
	1,540,402	2,063,117
	1,650,415	2,178,766
Balance sheet total	10,715,907	11,951,452

Group equity capital grid

EUR '000s

	Subscribed share capital
1 January 2004	255,104
Effect of adopting	
IAS 19 (Amendment Dec. 2004)	
IAS 28 Shares in associated companies	
1 January 2004 (restated)	255,104
Profit for the financial year	
Capital increase	
from issuance of new shares	3,317
Dividends	
Changes without effects on results	
Consolidation adjustments	
IFRS 3.81 Offsetting of negative goodwill	
IAS 28 Shares in associated companies	
Financial instruments IAS 39	
Exchange rate	
30 June 2004	258,421
1 January 2005	258,421
Effect of adopting	
IAS 28 Shares in associated companies	
IFRS 2 Share-based payment	
1 January 2005 (restated)	258,421
Profit for the financial year	
Capital increase	
from issuance of new shares	36,583
Dividends	
Changes without effects on results	
Consolidation adjustments	
Financial instruments IAS 39	
Exchange rate	
30 June 2005	295,004

¹⁾ Realised currency translation adjustments

Capital reserves	Revenue reserves	Currency translation	Company shares	Capital entitled to shareholders	Minority interests	Total
1,888,454	2,237,338	-342,286	-7,465	4,031,145	153,902	4,185,047
	-105,627			-105,627		-105,627
	16,155			16,155		16,155
1,888,454	2,147,866	-342,286	-7,465	3,941,673	153,902	4,095,575
	96,443			96,443	2,863	99,306
42,037				45,354		45,354
	-114,446			-114,446	-4,977	-119,423
	-581			-581	326,557	325,976
	22,794			22,794		22,794
	1,178			1,178		1,178
	557			557		557
	-2,104 ¹⁾	15,212		13,108	-33,656	-20,548
1,930,491	2,151,707	-327,074	-7,465	4,006,080	444,689	4,450,769
1,930,491	1,720,735	-372,498	-2,936	3,534,213	429,110	3,963,323
	19,077			19,077		19,077
	-1,160			-1,160		-1,160
1,930,491	1,738,652	-372,498	-2,936	3,552,130	429,110	3,981,240
	113,030			113,030	24,990	138,020
544,551				581,134		581,134
	-55,491			-55,491	-20,448	-75,939
	-270			-270	25,201	24,931
	7,869			7,869		7,869
		134,689		134,689	-22,833	111,856
2,475,042	1,803,790	-237,809	-2,936	4,333,091	436,020	4,769,111

Notes to the interim accounts

■ Accounting and consolidation principles

For the quarterly closing, HeidelbergCement has adopted the International Financial Reporting Standards (IFRS) with the standards applicable at the balance sheet date.

Material changes in comparison to the accounting and valuation principles at 31 December 2004 result from the first-time adoption of IFRS 2 (Share-based Payment), IFRS 4 (Insurance Contracts), IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) and the revised version of IAS 28 (Accounting for Investments in Associates).

Since 1 January 2005, investments in associated companies have been accounted for in the Group financial statements using the equity method on the basis of uniform accounting policies (IAS 28.26). The adjustment to Group-wide uniform accounting and valuation principles was applied by 30 June 2005, provided that the financial statements according to IFRS were available at the balance sheet date.

IFRS 2 (Share-based Payment) governs in detail the accounting of share-based payment transactions in the financial statements. In particular, the standard deals with share options for the management staff. For share-based equity-settled payment transactions, this IFRS must be applied to shares, share options and other equity instruments which were granted after 7 November 2002 and which were not yet exercisable at the time this IFRS came into force (IFRS 2.53). Consequently, IFRS 2 has not been applied to the real 2001/2007 share option plan, as this was issued before this cut-off date and was previously not exercisable. For the virtual share option plans 2000/2006, 2002/2008 and 2003/2009, the share options have been valued at their attributable current value.

IFRS 4 (Insurance Contracts) is to regulate the accounting method for insurance contracts. In particular, the standard requires details concerning the identification and explanation of the amounts originating from insurance contracts in an insurer's financial statements. The introduction of the standard did not have any impact within the Group.

IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) defines the requirements for classification, valuation and presentation of long-term assets held for sale. No circumstances currently exist within the Group that justify the application of IFRS 5.

The goodwill resulting from the first-time inclusion of TEUTONIA Zementwerk AG, Hanover, amounted to EUR 44.1 million. The purchase price of this transaction amounted to EUR 103.0 million. Goodwill of EUR 53.0 million resulted from the purchase of the remaining shares (49.67 %) in Heidelberger Zement South-East Asia GmbH (HZSEA), Heidelberg, which in turn has a participation of 65.14 % in PT Indocement Tunggal Prakarsa Tbk., Jakarta/Indonesia. The goodwill comprises market shares purchased that cannot be assigned to any other determinable and separable intangible fixed assets. The acquisition of HZSEA took place in exchange for issuing new HeidelbergCement shares to a total of EUR 309.6 million. The increase in the shareholding in Glens Falls Lehigh Cement Company, New York, and in Campbell Concrete & Materials L.P., Texas, amounted to a total of EUR 86.9 million.

The results from other participations include the revenues from other participations as well as the depreciation of financial fixed assets.

■ **Seasonal nature of the business**

Regional weather conditions are reflected in HeidelbergCement's production and sales position.

■ **Scope of consolidation**

We detail below the regional changes in the scope of consolidation since 31 December 2004. All newly included companies were fully consolidated in the Group accounts. The percentage of shares owned by the Group in each case is given in brackets.

Central Europe West

The companies Heidelberger Beton GmbH & Co. Bremen KG, Bremen (100 %), and TBG Transportbeton Zwickau GmbH & Co. KG, Zwickau (60.0 %), were included in the scope of consolidation for the first time on 1 January 2005, while TEUTONIA Zementwerk AG, Hanover (91.7 %), Hannoversche Portland Cementfabrik AG, Hanover (86.9 %), and Germania GdR, Hanover (89.3 %), were included for the first time on 1 May 2005.

Central Europe East

The Romanian company Carpatcemtrans S.R.L., Bucharest (98.9 %), entered the scope of consolidation for the first time in 2005.

North America

The previously proportionately consolidated companies Glens Falls Lehigh Cement Company, New York, and Campbell Concrete & Materials L.P., Texas, are now fully consolidated after the share was increased to 100 %.

maxit Group

The Hungarian company Deitermann Hungaria Kereskedelmi Kft., Budapest (100 %), was included in the consolidation scope of the maxit Group for the first time as of 1 January 2005 and m-tec machinery technology Co. Ltd., Shanghai (100 %), was included as of 1 April 2005.

The following statements present the opening balance sheet and results of the first half of 2005 for the newly consolidated companies, as prescribed by IFRS 3.67 ff. (Business Combinations):

Assets

EUR '000s	
Long-term assets	
Intangible assets	131
Tangible fixed assets	75,418
Financial fixed assets	14,383
Fixed assets	89,932
Other long-term receivables	674
	90,606
Short-term assets	
Stocks	7,228
Receivables and other assets	7,967
Short-term investments	8,859
Cash at bank and in hand	3,671
	27,725
Balance sheet total	118,331

Liabilities

EUR '000s	
Shareholders' equity and minority interests	
Capital entitled to shareholders	75,702
	75,702
Long-term provisions and liabilities	
Provisions	34,049
Liabilities	536
	34,585
Short-term provisions and liabilities	
Provisions	294
Liabilities	7,750
	8,044
Balance sheet total	118,331

Results for the companies consolidated for the first time in the first half of 2005

EUR '000s	
Profit for the financial year	612
Minority interests	-12
Group share in profit	600

Segment reporting

Regions January to June 2005 (Primary reporting format under IAS 14 No. 50 ff.)

EURm	Central Europe West		Western Europe		Northern Europe		Central Europe East	
	2004	2005	2004	2005	2004	2005	2004	2005
External turnover	381	377	459	441	297	341	277	338
Inter-region turnover	7	8	9	8	27	27	4	5
Turnover	387	385	468	449	323	368	281	343
Change to previous year in %		-0.5 %		-4.2 %		13.8 %		21.8 %
Operating income before depreciation (OIBD) in % of turnover	33 8.6 %	34 8.9 %	70 14.9 %	71 15.8 %	31 9.5 %	43 11.8 %	79 28.2 %	87 25.3 %
Depreciation	37	32	41	39	28	28	26	35
Operating income in % of turnover	-4 -1.0 %	2 0.6 %	29 6.3 %	32 7.2 %	3 0.8 %	15 4.1 %	53 18.8 %	52 15.2 %
Results from participations	28	42	4	-3	1	1	-1	1
Additional ordinary result								
Earnings before interest and income taxes (EBIT)	24	44	34	29	3	17	52	53
Investments¹⁾	18	24	22	30	17	16	26	37
Employees	4,456	4,363	3,711	3,590	4,101	4,018	8,332	8,437

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

North America		Africa-Asia-Turkey		maxit Group		Group Services		Reconciliation		Group	
2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
777	912	432	467	517	528	101	94			3,241	3,498
		31	29	1	1	147	186	-226	-263		
777	912	464	496	518	529	249	280	-226	-263	3,241	3,498
	17.3 %		7.0 %		2.2 %		12.6 %				7.9 %
110	154	90	81	68	59	3	5			485	534
14.2 %	16.9 %	19.5 %	16.3 %	13.2 %	11.3 %	1.2 %	1.7 %			15.0 %	15.3 %
49	47	35	35	29	27	0	0			245	243
62	107	55	46	40	32	3	5			240	291
7.9 %	11.7 %	11.9 %	9.2 %	7.6 %	6.1 %	1.1 %	1.6 %			7.4 %	8.3 %
0	-1	-1	12	1	1					32	53
								-1	15	-1	15
61	106	54	57	41	34	3	5	-1	15	272	359
41	56	26	24	19	21			18	213	187	421
5,912	6,022	11,232	10,607	4,903	4,961	51	57			42,698	42,055

Financial calendar

Interim Report January to September 2005

8 November 2005

First overview of the financial year 2005

February 2006

Press and analysts' conference

March 2006

Annual General Meeting 2006

4 May 2006

Turnover development by regions and business lines January to June 2005

EURm	Cement		Concrete		Building materials		Intra Group Eliminations		Total	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Central Europe West	180	189	166	158	65	62	-24	-24	387	385
Western Europe	346	333	141	142			-18	-26	468	449
Northern Europe	180	202	161	187			-18	-21	323	368
Central Europe East	223	270	74	98			-16	-26	281	343
North America	469	540	379	442			-70	-71	777	912
Africa-Asia-Turkey	438	470	34	39			-9	-13	464	496
maxit Group					518	529			518	529
Total	1,837	2,004	954	1,067	582	591	-155	-181	3,218	3,481
Group Services									249	280
Inter-region turnover									-226	-263
Total Group									3,241	3,498

Exchange rates

		Exchange rates at		Average exchange rates	
		31 Dec. 2004	30 June 2005	01-06/2004	01-06/2005
	Country	EUR	EUR	EUR	EUR
USD	US	1.3558	1.2100	1.2231	1.2850
CAD	Canada	1.6308	1.4823	1.6404	1.5862
GBP	Great Britain	0.7067	0.6755	0.6719	0.6857
HRK	Croatia	7.6318	7.3154	7.4969	7.4228
IDR	Indonesia	12,595.38	11,752.73	10,755.18	12,140.08
NOK	Norway	8.2378	7.8992	8.4175	8.1436
PLN	Poland	4.0810	4.0557	4.7168	4.0730
ROL	Romania	39,313	36,017	¹⁾	36,615
SEK	Sweden	9.0191	9.4454	9.1639	9.1460
CZK	Czech Republic	30.3903	30.0564	32.3878	30.0486
HUF	Hungary	244.9253	246.7553	254.6171	247.0403
TRY	Turkey	1,823,551	1.6069 ²⁾	¹⁾	¹⁾

¹⁾ In accordance with IAS 21.42 (a) all amounts are translated using the closing rate at the date of the most recent balance sheet.

²⁾ On 1 January 2005, the Turkish Lira was renamed to Turkish New Lira and it was redenominated by cutting six zeros.

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