

Interim Report January to September 2005



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- Adjusted Group turnover rises by 8 %
- North America, Northern Europe and Central Europe East with double-digit turnover growth
- Germany further impaired by overall economic situation
- Energy and transport costs considerably increased
- Implementation of project “win” for cost reduction and increase in efficiency started
- Spohn Cement together with persons acting in concert with them hold a share of 79 % in HeidelbergCement
- Third quarter confirms expectations for full year

Overview January - September

EURm	July - September		January - September	
	2004	2005	2004	2005
Turnover	1,974	2,247	5,215	5,744
Operating income before depreciation (OIBD)	458	576	943	1,111
Operating income	344	453	584	744
Additional ordinary result	-26	-77	-26	-62
Results from participations	38	91	70	144
Earnings before interest and income taxes (EBIT)	356	467	627	826
Profit before tax	310	410	431	654
Profit for the financial year	201	300	300	438
Group share in profit	171	274	268	387
Investments	114	115	301	536

Letter to the shareholders

Ladies and Gentlemen,

Despite the high energy prices, the positive development of the global economy continued, boosted by the sustained strong growth dynamics in North America and Asia. In the euro zone, the economic dynamics remained weak as a result of the increase in oil prices. The lively demand for exports continues to provide the impetus in Germany. As a result of the situation in the job market, domestic demand will recover only slightly in the next few months. Construction investments remain in overall decline.

In the first nine months of the year, Group turnover rose by 10.1 % to EUR 5,744 million (previous year: 5,215). Adjusted for currency and consolidation effects, the increase amounts to 7.5 %. The regions North America, Northern Europe and Central Europe East achieved double-digit growth in turnover. Price increases were necessary in almost all regions in order to at least partially offset the considerably increased energy and transport costs.

By the end of September, operating income before depreciation (OIBD) increased by 17.8 % to EUR 1,111 million (previous year: 943). At EUR 744 million (previous year: 584), operating income increased by 27.4 % compared to the previous year. North America made the strongest contribution to growth in both OIBD and operating income. Considerable one-time restructuring charges within the scope of the project “win” and proceeds from the sale of parts of our concrete products business in the US determine the additional ordinary result of EUR -62 million (previous year: -26). The results from participations, which amounted to EUR 144 million (previous year: 70), were considerably affected by one-time earnings at Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH and by Vicat S.A., France.

The financial results improved by EUR 25 million to EUR -172 million (previous year: -197). This was primarily due to the hedging of currency risks at Indocement. As a result the foreign exchange rate losses were reduced compared to the previous year. Profit before tax amounts to EUR 654 million (previous year: 431). Against the backdrop of the increase in results and revised German tax laws, taxes on income rose in the first three quarters of 2005 by EUR 85 million to EUR 216 million (previous year: 131). Due to the positive development of Indocement's profit for the financial year, the minority interests amount to EUR 51 million (previous year: 32). The Group share in profit totals EUR 387 million (previous year: 268).

Takeover bid by Spohn Cement GmbH completed

The takeover bid by Spohn Cement GmbH was completed at the end of the respite period on 12 August 2005. Spohn Cement, including the persons acting in concert with it and its subsidiaries, now holds around 79 % of the shares in HeidelbergCement. 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. In connection with the takeover bid, Schwenk Beteiligungen GmbH & Co. KG reduced its share in HeidelbergCement to 7.5 %.

Cement and clinker sales volumes

In the first nine months, cement and clinker sales volumes rose by 4.5 % overall to 51.4 million tonnes (previous year: 49.2). Excluding consolidation effects, the total sales volumes were 1.0 % above the previous year. The significant increase in the third quarter is primarily attributable to the healthy development in North America, Northern Europe and Central Europe East.

Cement and clinker sales volumes January - September

1,000 tonnes	2004	2005
Central Europe West	5,498	5,688
Western Europe	6,516	6,378
Northern Europe	3,989	4,233
Central Europe East	7,594	8,608
North America	10,068	11,038
Africa-Asia-Turkey	15,556	15,501
Total	49,221	51,446

Employees

In the first nine months, 41,613 people (previous year: 42,589) were employed by HeidelbergCement across the Group. The decrease of around 980 employees results from restructuring measures in almost all regions.

Investments

Compared to the previous year, cash relevant investments increased by EUR 235 million to EUR 536 million (previous year: 301) in the first three quarters. Of this figure, EUR 306 million (previous year: 282) was invested in tangible fixed assets and EUR 230 million (previous year: 19) in financial fixed assets. Net cash from disinvestments amounted to EUR 149 million (previous year: 76).

Implementation of project “win” started

With the project “win”, HeidelbergCement intends to create the necessary scope for long-term growth by making savings and exploiting additional potential. The measures to streamline administrative locations in Europe will lead to the loss of around 1,100 jobs. The employee representatives are involved in the process according to the regulations in each country.

As part of this project, the Group functions will be concentrated in Heidelberg. At a national level, the aim is to set up a Shared Service Center in each country for the cement, ready-mixed concrete, and sand and gravel business areas for standardised personnel and accounting services. We agreed in negotiations with the industrial trade union IG BAU to establish the Shared Service Center for Germany in Leimen near Heidelberg. The agreement became possible by finding competitive conditions for the service center in an in-house collective agreement. This contains essentially an increase in working hours, the shortening of additional benefits as for example, the holiday pay and the variable organisation of parts of the Christmas bonus. The Shared Service Center will start business on 1 January 2006.

The technical services will also be centralised and more heavily integrated into line management, in order to support the plants even more efficiently. Further savings will be achieved through the centralisation of the IT infrastructure and the standardisation of the Group's software. The plants are subject to a consistent optimisation process. The progress of this process will be measured regularly by uniform key performance indicators. The common aim of these measures is to improve purposefully the profitability clearly to create the conditions for safeguarding and expanding the position of HeidelbergCement amongst the international competition.

Prospects

We anticipate a moderate increase in sales volumes and turnover for the whole of 2005. The economic environment in the US, the new EU countries and Asia is also expected to remain stable in the coming year. For Germany, the growth forecasts have fallen slightly; only a slight acceleration is forecast for 2006.

The significant increase in OIBD and operating income expected for the whole of 2005 will be primarily created by North America, Central Europe East and Africa-Asia-Turkey. The measures initiated to improve our efficiency will also sustainably increase the contribution to profits made by Germany, Western and Northern Europe in the future.

Heidelberg, 8 November 2005

Yours sincerely,

A handwritten signature in black ink, reading "Bernd Scheifele". The signature is written in a cursive, slightly stylized font.

Dr. Bernd Scheifele
Chairman of the Managing Board

HeidelbergCement on the market

Central Europe West

Construction activity in Germany decreased further by the end of the third quarter. The first positive impetus came from an improved order situation in road construction. By the end of September, the cement sales volumes of the German cement industry fell by just under 8 % in comparison with the previous year. The cement and clinker sales volumes of our plants increased by 3.5 % to 5.7 million tonnes (previous year: 5.5) over the same period as a result of consolidation. The increase in demand in the summer months was not able to offset the decline in quantities from the first half of the year. Dramatically increasing energy costs make it necessary for cement prices to be adjusted once again in 2006. In connection with the re-arrangement and streamlining of our organisational structure within the Group, we plan to set up a Shared Service Center for Germany from January 2006, which will take over administrative duties relating to accounts and payroll accounting. We will achieve considerable savings as a result of handling many similar service processes centrally in a standardised way.

Despite a slight recovery in demand in the last few months, deliveries of ready-mixed concrete declined by the end of September. The sales volumes of aggregates also fell in comparison with the previous year.

Turnover in the Central Europe West region increased by 1.7 % to EUR 650 million (previous year: 638) by the end of the third quarter.

Western Europe

In Belgium and the Netherlands, construction activity increased more strongly again in the last few months. The increasing cement demand led to welcome increases in sales volumes at our plants. However, both countries are still affected by the low cement price level in Germany. In contrast, in the United Kingdom, the sales volumes of our plants declined more heavily than expected, due to the entry of a new competitor onto the market. At the end of July, we put a new, ultra-modern cement kiln into operation in Padeswood/Wales, which allowed us to increase the plant's annual cement capacity from 500,000 to 800,000 tonnes. Overall, the cement and clinker sales volumes of our plants in Western Europe decreased by 2.1 % to 6.4 million tonnes (previous year: 6.5) as a result of the negative development of the British plants. While the sales volumes of ready-mixed concrete improved by the end

Turnover development by business lines January - September

Central Europe West

EURm	2004	2005
Cement	295	319
Concrete	280	270
Building materials	101	99
Intra-Group eliminations	-38	-39
Total turnover	638	650

Western Europe

EURm	2004	2005
Cement	518	502
Concrete	211	219
Building materials		
Intra-Group eliminations	-30	-39
Total turnover	699	682

of September as a result of new consolidations, deliveries of aggregates only reached the previous year's level.

Turnover in Western Europe fell by 2.5 % overall in the first three quarters to 682 million tonnes (previous year: 699).

Northern Europe

In the countries of the Northern Europe region, the pleasing upward trend in construction activity continued. The domestic sales volumes of our Scandinavian cement plants benefited in particular from lively new residential building in Sweden and Norway, as well as from the growing civil engineering sector in Sweden. While a slight increase was achieved in cement and clinker exports from the Norwegian plants, exports from Sweden decreased noticeably. Our cement activities in the Baltic States and Northwest Russia – the Kunda plant in Estonia and the Cesla plant near Saint Petersburg – recorded a significant increase in domestic sales volumes as a result of the healthy development of construction activity. Due to the high demand in the Saint Petersburg area, the Cesla plant relied on clinker deliveries from Kunda, even after the modernisation and capacity increase of the cement kiln. Overall, cement and clinker sales volumes in the Northern Europe region grew by 6.1 % to 4.2 million tonnes (previous year: 4.0). Deliveries of ready-mixed concrete and aggregates increased by 14.3 % and 5.8 % respectively.

Turnover in the Northern Europe region rose by 13.1 % to EUR 579 million (previous year: 512) by the end of September.

Central Europe East

The dynamic macroeconomic conditions in the Central Europe East region remained intact. In the Czech Republic and Romania, our subsidiaries were able to noticeably increase their cement sales volumes; a further recovery in demand for cement is expected in both countries as a result of booming construction activity. Our cement deliveries also increased significantly in Ukraine, despite increasing imports from Russia. In contrast, our sales volumes in Poland remained noticeably below the level of the same period last year as a result of the restrained construction activity. Overall, cement and clinker sales volumes in the Central Europe East region increased by 13.4 % to 8.6 million tonnes (previous year: 7.6), partly as a result of consolidation. Deliveries of ready-mixed concrete and aggregates rose by 15.6 % and 5.3 % respectively.

Turnover increased by 27.3 % to EUR 635 million (previous year: 498), partly as a result of positive exchange rate effects.

Northern Europe

EURm	2004	2005
Cement	280	316
Concrete	259	294
Building materials		
Intra-Group eliminations	-27	-31
Total turnover	512	579

Central Europe East

EURm	2004	2005
Cement	392	498
Concrete	135	181
Building materials		
Intra-Group eliminations	-28	-45
Total turnover	498	635

North America

In the first nine months, the rate of growth of the previous year continued in the US, weakening only slightly. The effects of Hurricane Katrina are not yet fully known; in the short term, a decline in cement consumption is expected in the affected Gulf States. The cement and clinker sales volumes of our North American cement plants was 9.6 % above the previous year's level, with a total of 11.0 million tonnes (previous year: 10.1) as a result of consolidation. Around 28 % of our sales volumes were covered by imports – mainly from Group-owned locations. Deliveries of both ready-mixed concrete and aggregates increased by 14 % in the first nine months.

Turnover increased by 20.6 % to EUR 1,555 million (previous year: 1,289) by the end of September; in the national currency, turnover increased by as much as 24.5 % in comparison with the previous year.

Africa-Asia-Turkey

The cement and clinker sales volumes of the Africa-Asia-Turkey region remained stable in the first nine months at 15.5 million tonnes.

In our African markets, our cement deliveries almost reached the level of the previous year. In Benin, Gabon, Liberia, Tanzania, Niger and the Republic of Congo, we were able to achieve increases in sales volumes, which in some cases were considerable. In Togo, the gains in domestic sales volumes were not able to offset the declining export deliveries.

In Asia, our cement and clinker sales volumes reached the same level as in the previous year, with 11.2 million tonnes. Despite the continuing competitive pressure on the Indonesian market, our subsidiary Indocement was able to increase its domestic sales volumes by 7.9 %. Including exports, sales volumes decreased slightly by 0.7 % to 9.2 million tonnes (previous year: 9.3). In the Southern Chinese province of Guangdong, competitive intensity and price pressure increased as a result of newly created production capacities. Our joint venture China Century Cement achieved an increase of 5.8 % in sales volumes to 2.5 million tonnes (consolidated: 1.25 million). In September, we agreed to found a joint venture in the Northern Chinese province of Shaanxi with Tangshan Jidong Cement, one of the largest

Turnover development by business lines January - September

North America

EURm	2004	2005
Cement	761	912
Concrete	628	764
Building materials		
Intra-Group eliminations	-99	-121
Total turnover	1,289	1,555

Africa-Asia-Turkey

EURm	2004	2005
Cement	698	743
Concrete	54	61
Building materials		
Intra-Group eliminations	-14	-21
Total turnover	739	784

cement manufacturers in China. The joint venture will comprise an existing cement plant and an additional plant, for which construction will begin shortly.

In Turkey, our participation Akçansa succeeded in significantly expanding its domestic sales volumes, thanks to extremely lively residential construction. Export deliveries were cut back noticeably. We also extended our activities in Turkey. In October, Akçansa was able to assert itself against numerous competitors in a bidding procedure run by the government and acquire the Ladik cement plant in the Black Sea region. This geographical expansion will safeguard and strengthen Akçansa's leading market position in Turkey.

Turnover in the Africa-Asia-Turkey region rose by 6.1 % to EUR 784 million (previous year: 739).

maxit Group

The maxit Group's major markets in Europe recovered further in the course of the third quarter. We were able to achieve double-digit growth in the Baltic region, Finland and Turkey, as well as in Spain and Italy. Sales volumes benefited from this in nearly all product lines. However, demand in Germany remained weak and heavy price competition continued. In China and Russia, the two newly constructed dry mortar plants started production.

In the first nine months, the maxit Group's turnover was 4 % above the previous year with a total of EUR 847 million (previous year: 814).

Group Services

The trade volume of our subsidiary HC Trading fell by 2.9 % to 8.7 million tonnes (previous year: 9.0) by the end of September especially due to increased local cement demand in Scandinavia and Indonesia. The importance of deliveries of dry mortar and related materials is growing steadily. The biggest customer in our cement and clinker trading is the US, with 50 %.

Turnover in the Group Services business unit, which also includes Group-wide trading in fossil fuels, increased by 10.8 % to EUR 426 million (previous year: 384) as a result of the high freights.

maxit Group

EURm	2004	2005
Cement		
Concrete		
Building materials	814	847
Intra-Group eliminations		
Total turnover	814	847

Group profit and loss accounts

January - September

EUR '000s	July - September		January - September	
	2004	2005	2004	2005
Turnover	1,974,040	2,246,502	5,215,292	5,744,139
Change in stocks and work in progress	-10,745	-44,146	-27,267	-24,596
Own work capitalised	235	406	983	860
Operating revenues	1,963,530	2,202,762	5,189,008	5,720,403
Other operating income	45,230	63,573	147,081	155,828
Material costs	-726,677	-823,314	-1,992,888	-2,206,062
Employees and personnel costs	-334,436	-354,278	-1,003,086	-1,066,013
Other operating expenses	-489,381	-512,278	-1,396,866	-1,493,431
Operating income before depreciation (OIBD)	458,266	576,465	943,249	1,110,725
Depreciation and amortisation of tangible fixed assets	-116,105	-121,007	-349,802	-359,621
Depreciation and amortisation of intangible assets	1,901	-2,358	-9,348	-7,201
Operating income	344,062	453,100	584,099	743,903
Additional ordinary result	-25,627	-77,227	-26,306	-62,027
Results from associated companies	54,468	89,214	94,855	135,789
Results from other participations	-16,947	1,569	-25,179	8,051
Earnings before interest and income taxes (EBIT)	355,956	466,656	627,469	825,716
Interest income and expense	-60,189	-49,213	-171,609	-164,483
Exchange rate gains and losses	13,939	-7,575	-25,117	-7,551
Profit before tax	309,706	409,868	430,743	653,682
Taxes on income	-109,175	-109,915	-130,906	-215,709
Profit for the financial year	200,531	299,953	299,837	437,973
Minority interests	-29,124	-26,397	-31,987	-51,387
Group share in profit	171,407	273,556	267,850	386,586
Earnings per share in EUR (IAS 33)	1.71	2.47	2.67	3.54

Group cash flow statement

January - September

EUR '000s	2004	2005
Operating income before depreciation (OIBD)	943,249	1,110,725
Additional ordinary result before depreciation	-16,692	-64,209
Dividends received	28,636	23,061
Interest paid	-163,487	-209,230
Taxes paid	-87,777	-126,825
Elimination of non-cash items	68,442	98,193
Cash flow	772,371	831,715
Changes in operating assets	-303,069	-452,011
Changes in operating liabilities	22,449	40,806
Cash flow from operating activities	491,751	420,510
Intangible assets	-21,878	-4,645
Tangible fixed assets	-260,441	-301,844
Financial fixed assets	-18,776	-229,765
Investments (cash outflow)	-301,095	-536,254
Proceeds from fixed asset disposals	76,234	148,572
Cash from changes in consolidation scope	65,610	19,193
Cash flow from investing activities	-159,251	-368,489
Capital increase		291,732
Dividend payments – HeidelbergCement AG	-114,446	-55,491
Dividend payments – minority shareholders	-8,360	-29,216
Proceeds from bond issuance and loans	224,109	544,952
Repayment of bonds and loans	-514,897	-615,428
Cash flow from financing activities	-413,594	136,549
Net change in cash and cash equivalents	-81,094	188,570
Effect of exchange rate changes	-5,047	-13,210
Cash and cash equivalents at 1 January	524,961	305,009
Cash and cash equivalents at 30 September*	438,820	480,369

* 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 67.6 million (previous year: 85.7).

Group balance sheet

Assets

EUR '000s	31 Dec. 2004	30 Sept. 2005
Long-term assets		
Intangible assets	2,297,697	2,394,274
Tangible fixed assets		
Land and buildings	1,872,849	2,002,692
Plant and machinery	2,684,415	2,771,583
Fixtures, fittings, tools and equipment	171,124	173,577
Payment on account and assets under construction	330,302	457,860
	5,058,690	5,405,712
Financial fixed assets		
Shares in associated companies	655,987	785,364
Shares in other participations	205,455	296,004
Loans to participations	12,792	15,395
Other loans	51,843	46,788
	926,077	1,143,551
Fixed assets	8,282,464	8,943,537
Deferred taxes	168,271	212,965
Other long-term receivables	48,884	58,218
	8,499,619	9,214,720
Short-term assets		
Stocks		
Raw materials and consumables	413,496	485,317
Work in progress	79,916	76,281
Finished goods and goods for resale	244,207	255,701
Payments on account	20,847	23,247
	758,466	840,546
Receivables and other assets		
Short-term financial receivables	138,486	198,442
Trade receivables	738,207	1,206,467
Other short-term operating receivables	157,339	188,364
Current income tax assets	38,640	48,421
	1,072,672	1,641,694
Short-term investments and similar rights	117,436	93,484
Cash at bank and in hand	267,714	454,442
	2,216,288	3,030,166
Balance sheet total	10,715,907	12,244,886

Liabilities

EUR '000s	31 Dec. 2004	30 Sept. 2005
Shareholders' equity and minority interests		
Subscribed share capital	258,421	296,065
Capital reserves	1,930,491	2,494,201
Revenue reserves	1,720,735	2,081,893
Currency translation	-372,498	-158,444
Company shares	-2,936	-2,936
Capital entitled to shareholders	3,534,213	4,710,779
Minority interests	429,110	443,158
	3,963,323	5,153,937
Long-term provisions and liabilities		
Provisions		
Provisions for pensions	576,547	596,550
Deferred taxes	470,436	528,730
Other long-term provisions	549,061	551,166
	1,596,044	1,676,446
Liabilities		
Debenture loans	1,949,188	1,470,666
Bank loans	1,025,294	1,342,766
Other long-term financial liabilities	524,505	487,823
	3,498,987	3,301,255
Other long-term operating liabilities	7,138	8,718
	3,506,125	3,309,973
	5,102,169	4,986,419
Short-term provisions and liabilities		
Provisions	110,013	101,197
Liabilities		
Bank loans (current portion)	219,697	263,053
Other short-term financial liabilities	334,831	513,289
	554,528	776,342
Trade payables	488,934	529,424
Current income taxes payables	55,280	153,766
Other short-term operating liabilities	441,660	543,801
	1,540,402	2,003,333
	1,650,415	2,104,530
Balance sheet total	10,715,907	12,244,886

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
Issuance of company shares	
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 September 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	37,644
Dividends	
Changes without effects on results	
Consolidation adjustments	
Financial instruments IAS 39	
Exchange rate	
30 September 2005	296,065

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
	4,765			4,765		4,765
1,888,454	2,136,476	-342,286	-7,465	3,930,283	153,902	4,084,185
	267,850			267,850	31,987	299,837
42,037				45,354		45,354
			101	101		101
	-114,446			-114,446	-8,360	-122,806
	-300			-300	321,512	321,212
	25,562			25,562		25,562
	-5,948			-5,948		-5,948
	22,499 ¹⁾			22,499		22,499
	-2,106	29,966		27,860	-25,577	2,283
1,930,491	2,329,587	-312,320	-7,364	4,198,815	473,464	4,672,279
1,930,491	1,720,735	-372,498	-2,936	3,534,213	429,110	3,963,323
	-2,447			-2,447		-2,447
	-1,160			-1,160		-1,160
1,930,491	1,717,128	-372,498	-2,936	3,530,606	429,110	3,959,716
	386,586			386,586	51,387	437,973
563,710				601,354		601,354
	-55,491			-55,491	-29,216	-84,707
	-168			-168	24,490	24,322
	33,838			33,838		33,838
		214,054		214,054	-32,613	181,441
2,494,201	2,081,893	-158,444	-2,936	4,710,779	443,158	5,153,937

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 September 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. 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 44.2 million. The purchase price of this transaction amounted to EUR 103.7 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 87.9 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**

The regional weather conditions of the summer and autumn months have a positive impact on 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 (92.5%), Hannoversche Portland Cementfabrik AG, Hanover (87.7%), and Germania GdR, Hanover (90.1%), were included for the first time on 1 May 2005. Scheidt GmbH & Co. KG, a previously proportionately consolidated company, left the scope of consolidation as of 1 July 2005 due to sale.

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 three quarters 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 three quarters 2005

EUR '000s	
Profit for the financial year	1,731
Minority interests	-89
Group share in profit	1,642

Segment reporting

Regions January to September 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	627	637	685	669	472	536	492	628
Inter-region turnover	11	13	14	12	40	43	7	7
Turnover	638	650	699	682	512	579	498	635
Change to previous year in %		1.7 %		-2.5 %		13.1 %		27.3 %
Operating income before depreciation (OIBD) in % of turnover	82 12.9 %	98 15.0 %	126 18.1 %	112 16.5 %	61 11.9 %	86 14.8 %	159 31.9 %	197 31.1 %
Depreciation	50	48	60	58	41	42	39	52
Operating income in % of turnover	32 5.0 %	50 7.6 %	66 9.5 %	54 8.0 %	20 3.8 %	44 7.5 %	120 24.0 %	145 22.8 %
Results from participations	58	126	6	-4	1	2	0	3
Additional ordinary result								
Earnings before interest and income taxes (EBIT)	90	175	72	51	21	46	120	148
Investments¹⁾	33	32	34	44	38	22	38	58
Employees	4,498	4,332	3,656	3,551	4,150	4,039	8,349	8,369

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
1,289	1,555	686	736	813	845	151	138			5,215	5,744
		52	47	1	2	233	288	-359	-411		
1,289	1,555	739	784	814	847	384	426	-359	-411	5,215	5,744
	20.6 %		6.1 %		4.0 %		10.8 %				10.1 %
240	328	152	169	118	112	5	9			943	1,111
18.6 %	21.1 %	20.6 %	21.6 %	14.4 %	13.2 %	1.3 %	2.1 %			18.1 %	19.3 %
73	72	53	53	42	41	0	0			359	367
167	256	99	116	76	71	5	8			584	744
12.9 %	16.5 %	13.5 %	14.8 %	9.3 %	8.4 %	1.2 %	2.0 %			11.2 %	13.0 %
5	3	-3	12	2	2	0	0			70	144
								-26	-62	-26	-62
172	259	96	128	78	73	5	8	-26	-62	627	826
58	78	47	38	33	34			19	230	301	536
5,914	6,067	11,067	10,227	4,908	4,969	47	59			42,589	41,613

Financial calendar

First overview of the financial year 2005	22 February 2006
Press and analysts' conference	23 March 2006
Annual General Meeting 2006	23 May 2006

Turnover development by regions and business lines January - September 2005

EURm	Cement		Concrete		Building materials		Intra Group Eliminations		Total	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Central Europe West	295	319	280	270	101	99	-38	-39	638	650
Western Europe	518	502	211	219			-30	-39	699	682
Northern Europe	280	316	259	294			-27	-31	512	579
Central Europe East	392	498	135	181			-28	-45	498	635
North America	761	912	628	764			-99	-121	1,289	1,555
Africa-Asia-Turkey	698	743	54	61			-14	-21	739	784
maxit Group					814	847			814	847
Total	2,943	3,290	1,568	1,789	915	946	-237	-295	5,190	5,730
Group Services									384	426
Inter-region turnover									-359	-411
Total Group									5,215	5,744

Exchange rates

		Exchange rates at		Average exchange rates	
		31 Dec. 2004	30 Sept. 2005	01-09/2004	01-09/2005
Country		EUR	EUR	EUR	EUR
USD	US	1.3558	1.2029	1.2230	1.2631
CAD	Canada	1.6308	1.3990	1.6257	1.5455
GBP	Great Britain	0.7067	0.6820	0.6719	0.6852
HRK	Croatia	7.6318	7.4173	7.4570	7.3977
IDR	Indonesia	12,595.38	12,401.90	10,929.30	12,217.21
NOK	Norway	8.2378	7.8667	8.4069	8.0580
PLN	Poland	4.0810	3.9228	4.6097	4.0549
RON	Romania	39,313	3.5585 ³⁾	¹⁾	3.6142 ³⁾
SEK	Sweden	9.0191	9.3129	9.1605	9.2278
CZK	Czech Republic	30.3903	29.5793	32.1036	29.9203
HUF	Hungary	244.9253	249.3612	252.3718	246.5506
TRY	Turkey	1,823,551	1.6167 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.

³⁾ On 1 July 2005 the National Bank of Romania decided to adopt the new Leu (RON). 1 new Leu is equal to 10,000 old Lei (ROL).

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