Interim Financial Report

January to September 2010

HEIDELBERGCEMENT

- **Positive trend continued in third quarter: sales volumes of cement, aggregates, and ready-mixed concrete increase in comparison with last year**
- **Turnover rises to EUR 8.9 billion (+5.8 %) in first nine months**
- **OIBD margin improved to 18.4 % on a like-for-like basis***
- **Profit for the period at EUR 372 million (-28.7 %)**
- **Net debt reduced to EUR 8.6 billion**
- **Cost-saving programme "FitnessPlus 2010" progressing as planned**
- **Sustained growth in Asia-Pacific and Africa-Mediterranean Basin and continuation of recovery in North America and Europe expected**
- **Focus on reducing debt and targeted expansion of cement capacities in growth regions**

Overview January to September 2010	July - September		January - September	
EURm	2009	**2010**	2009	**2010**
Turnover	3,021	**3,401**	8,391	**8,877**
Operating income before depreciation (OIBD)	770	**777**	1,606	**1,642**
in % of turnover	25.5 %	**22.8 %**	19.1 %	**18.5 %**
in % of turnover like-for-like*	22.5 %	**22.8 %**	18.3 %	**18.4 %**
Operating income	571	**573**	1,028	**1,047**
Additional ordinary result	-35	**18**	11	**-33**
Result from participations	27	**13**	48	**17**
Earnings before interest and income taxes (EBIT)	563	**604**	1,087	**1,031**
Profit before tax	281	**441**	442	**464**
Net income from continuing operations	209	**379**	537	**396**
Net loss from discontinued operations	-6	**-11**	-15	**-24**
Profit for the period	203	**368**	522	**372**
Group share of profit	149	**322**	419	**243**
Investments	128	**218**	419	**506**

* Excluding exchange rate and consolidation effects as well as proceeds from sale of CO_2 emission rights (EURm 83 in Q3 2009)

Interim Group management report

Business trend January to September 2010

Economic environment

The global economy is continuing its recovery, although the development dynamics clearly differ from region to region: the national economies of Asia, with China and India leading the way, are continuing on their growth track; Africa is also recording solid growth. In contrast, the economic recovery is progressing significantly more slowly in the industrial countries of Europe and North America. Eastern Europe is only slowly emerging from the crisis.

Recovery of sales volumes continues in third quarter

Thanks to sustained growth in Asia-Pacific and Africa, as well as recovering markets in North America and Europe, the sales volumes for cement, aggregates, and ready-mixed concrete in the third quarter were above the figures for the same quarter of the previous year. North America continued to benefit from the infrastructure projects; demand for aggregates and ready-mixed concrete in Western and Northern Europe exceeded the previous year's level, as it did in the second quarter. In the Eastern Europe-Central Asia Group area, sales volumes were still below the same quarter of the previous year; however, the decline has further slowed down. The growth in the other Group areas clearly outweighed these declines.

In the cement business line, the increased demand in the growth regions Asia-Pacific and Africa-Mediterranean Basin nearly offset the decline in the other Group areas for the first nine months. Overall, the Group's cement and clinker sales volumes fell by 0.6% and were only just under the previous year's level at 58.8 million tonnes (previous year: 59.2). The sales volumes for aggregates increased by 1.5% to 181.3 million tonnes (previous year: 178.7). Deliveries of ready-mixed concrete remained stable at 26.2 million cubic metres (previous year: 26.1). Asphalt sales volumes fell by 11.0% to 6.8 million tonnes (previous year: 7.6).

Turnover and results

In the first nine months, Group turnover rose by 5.8% to EUR 8,877 million (previous year: 8,391). Positive exchange rate effects in all Group areas, particularly in Asia-Pacific, contributed EUR 545 million to turnover. Excluding exchange rate and consolidation effects, turnover decreased slightly by 1.8%. Double-digit increases in turnover in Asia-Pacific (+23.8%), a welcome rise in Africa-Mediterranean Basin (+8.4%), and slight growth in North America (+1.8%) and Western and Northern Europe (+1.2%) more than compensated for the still considerable decline in Eastern Europe-Central Asia (-14.3%). Operating income before depreciation (OIBD) improved by 2.2% to EUR 1,642 million (previous year: 1,606). The OIBD margin decline to 18.5% (previous year: 19.1%) is due to the difference with respect to the timing of the sale of excess CO_2 emission rights in the business years 2009 and 2010. The operating income before depreciation of the first nine months of 2009 included proceeds from the sale of CO_2 emission rights amounting to EUR 91 million, whereas in the corresponding period of 2010 proceeds of this kind amounted to EUR 7 million. The majority of the sale of excess CO_2 rights will happen in the fourth quarter of the current year. Adjusted for the sale of CO_2 emission rights and excluding exchange rate and consolidation effects, the OIBD margin improved to 18.4% (previous year: 18.3%). At EUR 1,047 million (previous year: 1,028), the operating income was 1.8% above the previous year. We are on schedule with the implementation of the "FitnessPlus 2010" programme, with a savings goal of EUR 300 million: in the first nine months, savings of EUR 203 million were achieved.

The additional ordinary result decreased by EUR 44.5 million to EUR -33.1 million (previous year: 11.4). Reduced disinvestment activities and increased restructuring expenses, particularly in North America and Germany, as well as one-off effects from the release of deferred liabilities of EUR 18 million had an impact on this figure.

The decline of EUR 30.6 million in results from participations to EUR 17.0 million (previous year: 47.6) is, to a large extent, the result of changes in the consolidation scope and impairment losses on participations.

The improvement of EUR 78.1 million in the financial results, which brought the figure to EUR -566.2 million (previous year: -644.3), is essentially attributable to one-off effects in the other financial results. In the second quarter of 2010, one-time expenditure of EUR 57.8 million was incurred in connection with the syndicated loan taken out in June 2009 and refinanced on 27 April 2010. In the third quarter of 2009, one-time expenditure of EUR 110.5 million arose from the release of capitalised financing costs in connection with the partial repayment of the syndicated loan following the capital increase. In addition, the exchange rate effects improved by EUR 14.5 million in comparison with last year.

The profit before tax from continuing operations amounts to EUR 464.4 million (previous year: 442.4). Taxes on income rose by EUR 163.3 million to EUR 68.5 million (previous year: -94.8). The change mainly relates to the reversal of provisions for tax risks in Australia and the United Kingdom last year following the conclusion of tax audits. Net income from continuing operations amounted to EUR 395.8 million (previous year: 537.2).

Overall, the profit for the reporting period amounts to EUR 372.1 million (previous year: 521.6). The increase in profit by EUR 26.9 million to EUR 129.1 million (previous year: 102.2) attributable to minority interests is largely a consequence of the improvement in results and the changed participation in Indocement. The Group share therefore amounts to EUR 243.0 million (previous year: 419.3).

Balance sheet

As at 30 September 2010, the balance sheet total rose by EUR 1.7 billion to EUR 27.2 billion (previous year: 25.5). The increase in fixed assets by EUR 0.9 billion to EUR 21.7 billion (previous year: 20.8) is mainly due to exchange rate effects. Trade receivables rose by EUR 0.6 billion to EUR 1.9 billion (previous year: 1.3) as a result of seasonal factors.

On the liabilities side of the Group balance sheet, the shareholders' equity rose by EUR 1.1 billion to EUR 12.1 billion (previous year: 11.0). This is attributable to an increase of EUR 0.9 billion in currency exchange fluctuations and EUR 0.4 billion in the earnings for the period as well as a decline of EUR 0.2 billion in the actuarial gains and losses under other income. The change of EUR 1.0 billion in the long-term debt capital, which brought the figure to EUR 12.1 billion (previous year: 11.1), results primarily from the increase of EUR 0.7 billion in the long-term interest-bearing liabilities and the rise of EUR 0.3 billion in the provisions for pensions. The reduction of EUR 0.4 billion in the short-term debt capital, bringing the figure to EUR 3.0 billion (previous year: 3.4), relates to the decrease in short-term financial liabilities.

HeidelbergCement in the DAX

Deutsche Börse included HeidelbergCement in the DAX with effect from 21 June 2010, which means that we are now among the 30 largest listed companies in Germany. In being promoted to the German benchmark index, we achieved a major corporate goal for 2010. Inclusion in the DAX reflects HeidelbergCement's successful development over the preceding twelve months. With the help of strict cost and cash management, we reorganised the Group's capital and financing structure, placing it on a solid basis. As one of the leading building materials manufacturers worldwide, HeidelbergCement has a highly attractive product portfolio as well as strong international market positions in Europe, North America, Africa, and Asia-Pacific. Being promoted to the DAX further strengthens HeidelbergCement's profile in the capital markets and as an international employer.

The successful capital increase in the autumn of 2009 together with a replacement of existing shares set the stage for HeidelbergCement to become the first company in the construction and building materials sector to join the DAX. The company's inclusion was based on the fast entry rule, because the share fulfilled the criteria for fast entry in terms of both market capitalisation and order book turnover.

Solid financing structure

On 19 January 2010, we issued two Eurobonds to national and foreign institutional investors with a total issue volume of EUR 1.4 billion: one bond of EUR 650 million with a term of 5 years and a second of EUR 750 million with a term of 10 years. The bonds have fixed interest rates of 6.5% p.a. for the 5-year term and 7.5% for the 10-year term. The issue prices were 98.8561% and 98.2192%, giving yields to maturity of 6.75% and 7.75% respectively. The bonds are unsecured and rank pari passu with all other capital market debt. The proceeds from the issue were exclusively used for the partial repayment of the syndicated loan from June 2009.

To secure liquidity in the long term, HeidelbergCement arranged and concluded a new syndicated credit facility with a volume of EUR 3 billion, with a group of 17 banks, on 27 April 2010. The new credit line refinanced the remaining liabilities from the credit agreement concluded in June 2009 with 60 banks and a term ending in December 2011. The new credit facility is mainly intended as liquidity back-up and has a maturity date of 31 December 2013. HeidelbergCement thereby strengthens its financial and operational flexibility. At the same time, the security package granted to the creditors could be reduced significantly compared with the old credit facility. The syndicated credit facility can be used for cash drawdowns as well as for letters of credit and guarantees. For cash drawdowns, the initial credit margin amounts to 3.0% and is clearly lower than for the existing syndicated credit facility, ranging from 3.5% to 1.5% depending on the ratio of net debt to EBITDA. For letter of credits and guarantees, the margin is at 75% of the applicable margin for cash drawdowns. The commitment fee is 35% of the applicable margin. The upfront fee amounts to 100 basis points, which will be amortised during the tenor of the credit facility.

On 22 June 2010, we placed a Eurobond with an issue volume of EUR 650 million and a term ending on 15 December 2015 with institutional investors in Germany and abroad under our EUR 10 billion EMTN programme. The closing date was 1 July 2010. The bond has a fixed interest rate of 6.75% p.a. The issue price was 99.444%, giving a yield to maturity of 6.875%. The bond is unsecured and ranks pari passu with all other capital market debt. The proceeds from the issue of the bond were used to further improve our maturity profile.

Following the successful placement of the EUR 650 million 6.75% Eurobond on 24 June 2010, Fitch Ratings once again upgraded HeidelbergCement's credit rating by one notch. The current ratings from Standard & Poor's, Moody's, and Fitch Ratings are now BB-/B, Ba3/NP, BB/B.

According to the terms and conditions of the Eurobond issued in July 2010, the two Eurobonds issued in January 2010, and the three Eurobonds issued in October 2009, with total issue volumes of EUR 650 million, EUR 1.4 billion, and EUR 2.5 billion, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. The consolidated EBITDA of EUR 2,063 million and the consolidated interest expense of EUR 690 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 September 2010, the consolidated coverage ratio amounted to 2.99.

On 27 September 2010, the USD bond 2000/2010 with a volume of USD 750 million was repaid in due time from free cash flow and through the use of free credit lines. Despite the refinancing of the bond, the available liquidity from cash and unused credit lines amounted to EUR 2,915 million as at the end of September 2010.

The net financial liabilities decreased by EUR 324 million in comparison with 30 September 2009, amounting to EUR 8,647 million (previous year: 8,971) as at 30 September 2010. The increase of EUR 224 million in comparison with the end of 2009 is primarily due to the rise in working capital, related to seasonal factors, and the exchange rate effect from the USD liabilities.

Investments

In the first nine months of the year, cash flow investments rose by 20.9 % to EUR 506 million (previous year: 419). Investments in tangible fixed assets (including intangible assets), which primarily relate to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for EUR 420 million (previous year: 401) of this total. The investments in financial fixed assets reached EUR 86 million (previous year 18); in addition to smaller acquisitions to round off shareholdings, these primarily related to the acquisition of the remaining 50 % of the shares in our Australian joint venture Pioneer North Queensland Pty Ltd and the acquisition of majority shares in the cement activities of Forrest Group in the Democratic Republic of the Congo.

Western and Northern Europe

In the countries of the Western and Northern Europe Group area, economic activity recovered following the unusually severe winter, to a considerable extent in some areas. In Germany, but also in the United Kingdom, the economy is achieving stronger growth than expected. Following the losses in the first quarter connected with adverse weather conditions, construction activity and sales volumes of building materials gradually improved in the subsequent months.

In the first nine months, our deliveries in the cement business line were still below the previous year's level in all countries, with the exception of Sweden. In Sweden and Norway, domestic demand has recovered considerably since the spring. In the third quarter, Belgium, the United Kingdom, and the Baltic States recorded increases, with solid growth in some cases. Overall, the cement and clinker sales volumes in the third quarter reached the previous year's level. In the United Kingdom, our cement shipments rose slightly in the first nine months; however, shipments of blast furnace slag remained significantly below last year's figure. The sales volumes of the German plants were adversely affected by the continuing unsatisfactory level of domestic demand and declining exports; however, the losses were mitigated in the third quarter by a number of infrastructural projects in southern Germany. Overall, our cement and clinker sales volumes in Western and Northern Europe remained 5.8 % below the previous year at 15.0 million tonnes (previous year: 15.9).

After a considerable decline in the first three months, deliveries of aggregates recovered strongly in all countries during the second and third quarters. Altogether, sales volumes rose in the first nine months of the year by 7.1 % to 52.7 million tonnes (previous year: 49.2).

In the third quarter, the upward trend also continued in the ready-mixed concrete operating line. At the end of September 2010, deliveries were still 1.2 % below last year, at 8.9 million cubic metres (previous year: 9.0). The sales volumes of the asphalt operating line were also just below last year's level, experiencing a decline of 0.8 %.

The building products business line essentially comprises Hanson's building products in the United Kingdom. While sales volumes of bricks, masonry blocks, and concrete paving blocks remained below the previous year's level in the first nine months, the precast concrete parts and lightweight blocks operating lines achieved volume increases. Thanks to the promptly introduced capacity adjustments and cost reduction measures, the building products business line achieved a considerable increase in earnings.

The turnover of the Western and Northern Europe Group area rose by 1.2% to EUR 2,904 million (previous year: 2,871); excluding consolidation and exchange rate effects, it decreased by 4.4%.

Eastern Europe-Central Asia

In the Eastern Europe-Central Asia Group area, construction activity is still significantly impaired by the fact that, in many countries, only a hesitant economic recovery is in progress; in Hungary and the Czech Republic, in particular, markets are still weak. In contrast, Poland is recording solid economic growth, and even the construction industry has been gradually picking up speed in recent months thanks to infrastructural projects, particularly in road construction.

In the cement business line, sales volumes in the majority of countries were still significantly below the previous year's level at the end of September 2010. In Poland and Romania, the floods in May had a negative impact on our deliveries, as did the weak demand; since June, however, our sales volumes in Poland have been on the rise again, and even Romania achieved a slight volume increase in the third quarter. In Ukraine, Kazakhstan, and Georgia, our deliveries recovered strongly in the third quarter and were significantly above the previous year's level at the end of September. Overall, the cement and clinker sales volumes of the Group area decreased by 13.1% to 10.8 million tonnes (previous year: 12.4). Excluding consolidation effects, the decline amounted to 7.4%.

We anticipate the construction of the new TulaCement cement plant in Russia, with a cement capacity of 2 million tonnes, to be completed by the end of March 2011. This plant will supply the Moscow area in the future.

In the aggregates business line, there is still no sign of a significant recovery, although the volume declines were reduced further in most countries in the third quarter. Our Polish aggregates activities have seen a pleasing development in sales volumes since the spring; by the end of September 2010, the deliveries had already slightly exceeded the previous year's level. Overall, the aggregates sales volumes decreased by 7.0% in the first nine months to 14.9 million tonnes (previous year: 16.0); excluding consolidation effects, they dropped by 7.1%. Ready-mixed concrete sales volumes declined by 5.6% to 2.8 million cubic metres (previous year: 3.0); excluding consolidation effects, a slight increase of 1.2% was recorded.

The turnover of the Eastern Europe-Central Asia Group area fell by 14.3% to EUR 864 million (previous year: 1,008); excluding consolidation and exchange rate effects, the decline amounted to 13.9%.

North America

In the North America Group area, HeidelbergCement is represented in the US and Canada. Although the economic recovery in the US is continuing, the economy has lost much of its momentum. The sustained high level of unemployment is adversely affecting both private consumption and residential construction. In September, there were increasing signs that the housing market was making a slight recovery: sales of new and existing homes rose by 7% and 10%, respectively; the number of housing starts increased only marginally, but was 4% higher than in the previous year. In Canada, the economy is benefiting from the strong demand for raw materials; however, economic growth is expected to have weakened further in the third quarter following a flattening out in the second quarter.

Following the slump in demand at the start of the year, which was caused by the exceptionally hard winter in large parts of the US, our building material deliveries improved considerably in the second and third quarters. The impact of the government infrastructure programme is increasingly being felt; by September 2010, 52% of the funds earmarked for highway projects under the American Recovery and Reinvestment Act (ARRA) (around USD 27 billion) had been awarded. US states such as Texas and California, where HeidelbergCement has strong market positions, only recently started to expand their infrastructural investments by making increased use of ARRA funds. For example, California – where spending was increased by 21% in September compared with August – has used just 33% of its funds, i.e., 67% of the funds are still available.

In the third quarter, the cement and clinker sales volumes of our North American plants were almost at the previous year's level, with only a slight decline of 0.6%. The Canada market region continues to benefit from the lively activity in the oil sand industry. In the third quarter, sales volumes in the South region and on the west coast, particularly in southern California, developed positively. Overall, our cement and clinker sales volumes in the first nine months still remained 2.9% below last year's level at 7.6 million tonnes (previous year: 7.8).

Deliveries of aggregates recovered in the third quarter, especially in Canada and the West region, while the volumes achieved by the South and North regions increased slightly and remained stable, respectively. In the first nine months, aggregates sales volumes rose by 2.4% overall to 80.1 million tonnes (previous year: 78.2). Deliveries of ready-mixed concrete in the third quarter remained slightly below the previous year's level; in the first nine months, they were 7.1% below the previous year at 4.1 million cubic metres (previous year: 4.4). The asphalt operating line benefited from the infrastructural measures once again in the third quarter, resulting in an overall increase of 6.3% in asphalt deliveries to 2.8 million tonnes (previous year: 2.6) in the first nine months.

In the building products business line, which is heavily dependent on residential construction, deliveries in all operating lines, with the exception of bricks, were still below last year's level. However, thanks to the cost reduction programmes and promptly introduced capacity adjustments, results have improved substantially in comparison with last year.

The total turnover in North America rose by 1.8% to EUR 2,318 million (previous year: 2,277); excluding exchange rate effects, it decreased by 2.0%.

Asia-Pacific

The emerging countries of Asia remain on course for growth. In China, economic output rose by 9.6% in the third quarter in comparison with last year. The general economic conditions are also maintaining momentum in Indonesia, India, and Bangladesh. The Australian economy is experiencing a solid upturn, driven by the strong demand from China for raw materials.

During the first nine months, cement and clinker deliveries of the Asia-Pacific Group area grew by a total of 9.8% to 19.6 million tonnes (previous year: 17.8). In Indonesia, our subsidiary Indocement benefited from an extremely lively construction activity, especially in residential construction. As a result of the strong domestic demand, Indocement reduced its export deliveries markedly; the cement and clinker sales volumes increased by 7.9% overall. At the Palimanan plant in Cirebon, two new cement mills with a total grinding capacity of 1.5 million tonnes started production at the end of August 2010; Indocement now has a cement capacity of 18.6 million tonnes. Two additional cement mills are also set to be constructed at the Citeureup plant, with a capacity of 2 million tonnes, by mid 2012. In China, cement demand remains high because of the healthy economic development as well as government infrastructure projects. Despite the strong competition in the Guangdong province, the decline in clinker sales volumes was more than offset by a considerable increase in cement deliveries; as a result, the sales volumes of our joint ventures in Guangdong and Shaanxi exceeded the previous year's level by 0.5%. In India, the commissioning of new production capacities led to price pressure, particularly in the south and west of the country. In addition, heavy rainfall in August and September adversely affected construction activity in some of our market regions. Deliveries from our Indian cement plants remained just below last year's level. In Bangladesh, we achieved a considerable increase in sales volumes and results. An additional cement mill with a capacity of 0.8 million tonnes is currently being constructed at the Chittagong grinding plant; commissioning is planned for end of 2011. Since the takeover of Hanson in 2007, we hold a 25 % participation in the Australian cement company Cement Australia.

Aggregates sales volumes dropped by 3.6 % to 24.3 million tonnes (previous year: 25.2). The asphalt business also showed a decline. Thanks to the healthy development of demand in Australia and particularly in Indonesia, deliveries of ready-mixed concrete increased by 4.4 %, reaching 6.5 million cubic metres (previous year: 6.3).

In May 2010, we further strengthened our market position in Australia by purchasing the remaining 50 % of the shares in our joint venture Pioneer North Queensland Pty Ltd. The company operates two sand pits, two quarries for hard rock, an asphalt plant, and a ready-mixed concrete facility in the north of Queensland.

The turnover of the Asia-Pacific Group area rose by 23.8 % to EUR 1,918 million (previous year: 1,549); excluding the consolidation and exchange rate effects, the increase amounted to 1.0 %.

Africa-Mediterranean Basin

The majority of African countries south of the Sahara are experiencing robust economic growth and lively construction activity. While economic output and construction activity are continuing to increase substantially in Turkey, the crisis is by no means over in Spain.

In Africa, our cement deliveries underwent a marked increase of 10.3 %. The dynamic development of demand in our main markets of Ghana, Tanzania, and Togo made a particularly important contribution to this growth. However, Sierra Leone and Liberia also recorded considerable growth rates. In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In May 2010, HeidelbergCement and IFC, a member of the World Bank Group, signed an agreement to promote the expansion of infrastructure in the African countries south of the Sahara by increasing the local cement supply. IFC and its finance partners have undertaken to acquire a minority participation in HeidelbergCement's African activities and to put in up to USD 180 million. In return, HeidelbergCement will invest these funds in the expansion of its cement capacities in the countries south of the Sahara supported by the International Development Association (IDA). The first tranche of USD 60 million was paid in on 5 August.

In September, HeidelbergCement signed an agreement with George Forrest to expand the cement production capacity in the Democratic Republic of the Congo. With the newly agreed shareholder structure, HeidelbergCement holds the majority share in the cement activities of Forrest Group in the central African country. HeidelbergCement acquired majority shares of 55 % in the Cimenterie de Lukala (CILU) cement plant near the capital, Kinshasa, and 70 % in the two Interlacs plants in the east of the country. In the new partnership, Forrest Group retains 30 % of the shares in the plants. The total cement capacity of all three plants stands at more than 500,000 tonnes per year and is set to be increased to over 1.4 million tonnes in the next few years in order to benefit from the continuing heavy increase in domestic demand for cement.

In Turkey, cement and clinker sales volumes of our joint venture Akçansa grew by 17.8 % due to strong domestic demand and increased exports. Overall, the cement and clinker sales volumes of the Africa-Mediterranean Basin Group area increased by 13.0 % to 6.1 million tonnes (previous year: 5.4).

Sales volumes of aggregates fell by 8.3 % to 10.7 million tonnes (previous year: 11.6). The decline is attributable to the continuing weak construction activity in Spain. The asphalt business also showed a decline. By contrast, ready-mixed concrete deliveries increased by 10.2 % to 3.7 million cubic metres (previous year: 3.4); significant growth in Israel and particularly in Turkey more than compensated for the losses in Spain.

The turnover of the Africa-Mediterranean Basin Group area rose by 8.4 % to EUR 694 million (previous year: 641); excluding exchange rate effects, the growth amounted to 3.1 %.

Group Services

The trade volume of our subsidiary HC Trading improved by 11.2 % to 7.4 million tonnes (previous year: 6.6) in the first nine months. The significant growth in the clinker trade volume more than offset a slight decline in cement deliveries.

The Group Services business line also comprises our subsidiary HC Fuels, which is responsible for the purchase of fossil fuels. Overall, the turnover of Group Services rose by 42.4 % to EUR 541 million (previous year: 380); excluding exchange rate effects, the growth amounted to 37.2 %.

Employees

At the end of September 2010, the number of employees at HeidelbergCement stood at 54,742 (previous year: 55,796). The decrease of 1,054 employees essentially results from two opposing developments: the location optimisations and capacity adjustments linked with job cuts, particularly in North America and the United Kingdom, and the increase in the number of employees in Africa because of the first-time consolidation of the cement activities in the Democratic Republic of the Congo.

By-election to appoint Supervisory Board members

On 6 May 2010, the Annual General Meeting elected Dr.-Ing. Herbert Lütkestratkötter and Alan Murray to the Supervisory Board; they had been appointed members of the Supervisory Board as shareholder representatives by the Local Court (Amtsgericht) of Mannheim in January. They replace the former Supervisory Board members Eduard Schleicher and Gerhard Hirth, who had resigned from their positions at the end of 2009 in response to the changes in the shareholder structure of HeidelbergCement.

Related parties disclosures

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

Prospects

So far, economic development in 2010 has been better than originally expected. The IMF's growth forecasts for the end of 2010 and for 2011 were recently reduced, however, because of increased risks connected with the national debt in individual countries and weaker-than-expected consumer spending in the US.

Development dynamics of the economic growth still clearly differ from region to region. In Asia and Africa, the positive trend is expected to continue. An improvement in economic output is also anticipated for North America and Europe. Uncertainties will still remain over the strength and timescale of the economic recovery because of the high level of unemployment and national debt in individual countries.

For Asia, HeidelbergCement expects sustained strong growth in China, Indonesia, India and Bangladesh. In Australia, stable development is anticipated overall. Above-average growth in comparison with the region south of the Sahara is expected for our core markets in Tanzania, Ghana, and the Democratic Republic of the Congo.

In North America, on the basis of the sustained expenditure on road construction in the US, the volume recovery is expected to slowly continue on into the next few quarters. The extent and speed of this recovery are still dependent on spending behaviour in the US states. A reduction in the unemployment figures remains a crucial factor for an upturn in private residential construction in the US. In Canada, the expansion of the oil sand industry in Alberta is expected to continue to drive demand for building materials.

In Western Europe, the expectations for future development present a varied picture. For Northern Europe and Germany, we anticipate a significant recovery driven by the strong economic development in Germany as well as other factors. The recently announced cost-saving measures in the United Kingdom proved to be less severe than expected. In particular, several important road-building projects were excluded from the cutbacks. Because of an expected decline in construction activity in Belgium and a weak Dutch construction market, further price pressure is anticipated in this region.

The recovery in Eastern Europe and Central Asia has taken the longest time to arrive. Construction activity in Poland is currently gathering pace again and growth rates are expected to increase towards pre-crisis levels. While demand in the Czech Republic is expected to stabilise and subsequently improve, we anticipate a continuation of the weak development in Hungary and Romania. In the countries in the eastern part of Eastern Europe and in Central Asia, increasing cement volumes (albeit from a low level) and a price recovery are expected.

HeidelbergCement's sales volumes have further improved in the third quarter. In terms of ongoing development, there are still uncertainties connected with the continuing high level of unemployment, particularly in the US, and the budgetary consolidations in individual countries. Therefore HeidelbergCement will consistently complete its "FitnessPlus 2010" cost-saving programme and keep working towards its savings goal of EUR 300 million for 2010. Debt reduction remains an important area of focus. At the same time, the Group will continue with its targeted investments in future growth, particularly in cement activities, in the emerging countries of Asia, Africa, and Eastern Europe. HeidelbergCement aims to increase the proportion of cement capacities in these markets from around 58% at present to 67% of total capacity in the long term. With its improved cost structures, operational strength, and leading market positions in attractive growth markets, HeidelbergCement believes it is well-equipped to benefit to an above average degree from an economic upturn in the course of this year and the next.

Additional statements on the prospects

The Managing Board of HeidelbergCement has not seen evidence of developments that would suggest changes for the business year 2010 regarding the forecasts and other statements made in the 2009 Annual Report on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2010 is described in the prospects. As such, please note that this Interim Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Interim Financial Report.

Risk report

Business activities are always future-oriented and therefore involve risks. HeidelbergCement is likewise subject to various risks in its business activities that are not fundamentally avoided, but instead accepted, provided they are well balanced by the opportunities they present. Identifying risks, understanding them and reducing them systematically is the responsibility of the Managing Board and a key task for all managers. The Managing Board of HeidelbergCement AG is obliged to set up and supervise an internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The internal control and risk management system, standardised across the Group, comprises several components that are carefully co-ordinated and systematically incorporated into the structure and workflow organisation. It is based on the financial resources, operational planning, and the risk management strategy established by the Managing Board.

After evaluation of the overall risk situation, there are, from today's perspective, deemed to be no identifiable risks, either at present or for the foreseeable future, that could threaten the existence of the Group or other significant risks whose occurrence would lead to a considerable deterioration of the Group's economic position.

Risks that may have a significant impact on our assets, financial and earnings position in the 2010 financial year and in the foreseeable future are described in detail in the 2009 Annual Report. For remarks on the syndicated credit agreement of 16 June 2009, which matures in December 2011, in the context of financial risks, see the information included in this interim Group management report under the section "Solid financing structure". With the new syndicated credit line established on 27 April 2010, the remaining liabilities under the credit agreement entered into in June 2009 were replaced. The risks arising from volatile energy and raw material prices as well as from exchange rate effects continue to be high. Although the forecasts for global economic growth this year have been raised, ongoing development is subject to uncertainties and risks. In the industrial nations, the most challenging aspect will be the consolidation of the state finances and the efforts to combat unemployment. Significant uncertainties still remain with regard to the stability of the global financial system.

HeidelbergCement interim accounts

Group profit and loss accounts

Group profit and loss accounts	July - September		January - September	
EUR '000s	2009	**2010**	2009	**2010**
Turnover	3,020,641	**3,400,652**	8,390,571	**8,876,615**
Change in stock and work in progress	-45,737	**-8,855**	-199,815	**-26,132**
Own work capitalised	2,419	**2,194**	5,909	**5,230**
Operating revenue	2,977,323	**3,393,991**	8,196,665	**8,855,713**
Other operating income	137,219	**74,789**	271,029	**229,193**
Material costs	-1,124,807	**-1,319,435**	-3,206,147	**-3,530,322**
Employee and personnel costs	-493,650	**-527,366**	-1,536,032	**-1,563,884**
Other operating expenses	-726,077	**-845,187**	-2,119,286	**-2,349,126**
Operating income before depreciation (OIBD)	770,008	**776,792**	1,606,229	**1,641,574**
Depreciation of tangible fixed assets	-193,230	**-204,368**	-559,661	**-580,915**
Amortisation of intangible assets	-5,992	**211**	-18,840	**-13,971**
Operating income	570,786	**572,635**	1,027,728	**1,046,688**
Additional ordinary income	-10,707	**22,534**	95,475	**33,956**
Additional ordinary expenses	-24,646	**-4,581**	-84,118	**-67,086**
Additional ordinary result	-35,353	**17,953**	11,357	**-33,130**
Result from associated companies [1)]	25,979	**12,686**	44,512	**25,859**
Result from other participations	1,442	**481**	3,039	**-8,857**
Earnings before interest and taxes (EBIT)	562,854	**603,755**	1,086,636	**1,030,560**
Interest income	15,986	**33,758**	37,385	**81,086**
Interest expenses	-143,582	**-166,424**	-455,596	**-510,872**
Foreign exchange losses	-13,615	**-8,886**	-24,693	**-10,212**
Other financial result	-141,142	**-20,948**	-201,376	**-126,204**
Financial result	-282,353	**-162,500**	-644,280	**-566,202**
Profit before tax from continuing operations	280,501	**441,255**	442,356	**464,358**
Taxes on income	-71,277	**-62,250**	94,832	**-68,513**
Net income from continuing operations	209,224	**379,005**	537,188	**395,845**
Net loss from discontinued operations	-5,950	**-11,449**	-15,629	**-23,716**
Profit for the period	203,274	**367,556**	521,559	**372,129**
Thereof minority interests	53,970	**45,777**	102,244	**129,097**
Thereof Group share of profit	149,304	**321,779**	419,315	**243,032**
Earnings per share in EUR (IAS 33)				
Earnings per share attributable to the parent entity	1.15	**1.72**	3.31	**1.30**
Earnings per share – continuing operations	1.19	**1.77**	3.43	**1.42**
Loss per share – discontinued operations	-0.04	**-0.05**	-0.12	**-0.12**

1) Net result from associated companies 21,167 10,701 35,876 20,715

Group statement of comprehensive income

Group statement of comprehensive income EUR '000s	July - September		July - September		January - September		January - September	
	2009	2009	**2010**	**2010**	2009	2009	**2010**	**2010**
Profit for the period		203,274		**367,556**		521,559		**372,129**
IAS 19 Actuarial gains and losses			**-102,520**		-75,196		**-284,226**	
Income taxes	-20		**28,659**		21,561		**80,478**	
		-20		**-73,861**		-53,635		**-203,748**
IAS 39 Cash flow hedges	3,732		**1,014**		-2,416		**7,247**	
Income taxes	-935		**-551**		735		**-1,952**	
		2,797		**463**		-1,681		**5,295**
IAS 39 Available for sale assets	5,268		**4,995**		4,146		**16,831**	
Income taxes	-483		**-172**		732		**-3,467**	
		4,785		**4,823**		4,878		**13,364**
IFRS 3 Business combinations	-70				9,595			
Income taxes	-33		**-6**		-3,215		**82**	
		-103		**-6**		6,380		**82**
Other	959				409			
Income taxes	55				717			
		1,014				1,126		
Currency translation	-323,892		**-991,937**		168,041		**933,118**	
Income taxes			**-1,323**				**7,169**	
		-323,892		**-993,260**		168,041		**940,287**
Other comprehensive income		-315,419		**-1,061,841**		125,109		**755,280**
Total comprehensive income		-112,145		**-694,285**		646,668		**1,127,409**
Relating to minority interests		92,434		**-15,966**		127,869		**170,026**
Relating to HeidelbergCement AG shareholders		-204,579		**-678,319**		518,799		**957,383**

Group cash flow statement

Group cash flow statement EUR '000s	January - September 2009	**2010**
Net income from continuing operations	537,188	**395,845**
Taxes on income	-94,832	**68,513**
Interest income/expenses	418,211	**429,786**
Dividends received	18,955	**16,587**
Interest paid	-720,354	**-421,104**
Taxes paid	-132,809	**-99,610**
Elimination of non-cash items	647,128	**827,913**
Cash flow	673,487	**1,217,930**
Changes in operating assets	148,844	**-517,952**
Changes in operating liabilities	-173,240	**-90,298**
Changes in working capital	-24,396	**-608,250**
Decrease in provisions through cash payments	-162,982	**-204,528**
Cash flow from operating activities – continuing operations	486,109	**405,152**
Intangible assets	-8,768	**-8,589**
Tangible fixed assets	-391,743	**-411,336**
Subsidiaries and other business units		**-73,659**
Other financial fixed assets	-18,056	**-12,432**
Investments (cash outflow)	-418,567	**-506,016**
Subsidiaries and other business units	55,446	**1,630**
Other fixed assets	132,843	**91,689**
Divestments (cash inflow)	188,289	**93,319**
Cash from changes in consolidation scope	-4,950	**2,872**
Cash flow from investing activities – continuing operations	-235,228	**-409,825**
Capital increase after retention	1,984,807	
Dividend payments – HeidelbergCement AG	-15,000	**-22,500**
Dividend payments – minority shareholders	-36,913	**-50,870**
Decrease in ownership interests in subsidiaries	215,956	**45,444**
Increase in ownership interests in subsidiaries		**-4,775**
Proceeds from bond issuance and loans	9,035,492	**4,863,377**
Repayment of bonds and loans	-11,545,191	**-4,745,689**
Cash flow from financing activities – continuing operations	-360,849	**84,987**
Net change in cash and cash equivalents – continuing operations	-109,968	**80,314**
Effect of exchange rate changes	8,544	**50,466**
Cash and cash equivalents at 1 January	843,646	**854,368**
Cash and cash equivalents at 30 September	742,222	**985,148**
Reclassification of cash and cash equivalents according to IFRS 5	-21,716	
Cash and cash equivalents presented in the balance sheet at 30 September	720,506	**985,148**

Group balance sheet

Assets EUR '000s	31 Dec. 2009	**30 Sept. 2010**
Non-current assets		
Intangible assets		
Goodwill	9,804,195	**10,355,250**
Other intangible assets	264,627	**280,260**
	10,068,822	**10,635,510**
Tangible fixed assets		
Land and buildings	4,904,125	**5,058,789**
Plant and machinery	4,412,359	**4,429,859**
Fixtures, fittings, tools and equipment	236,280	**236,860**
Payments on account and assets under construction	667,271	**795,842**
	10,220,035	**10,521,350**
Financial fixed assets		
Investments in associates	349,361	**360,109**
Financial investments	79,346	**71,154**
Loans to participations	19,020	**19,495**
Other loans and derivative financial instruments	45,781	**50,730**
	493,508	**501,488**
Fixed assets	20,782,365	**21,658,348**
Deferred taxes	268,771	**403,343**
Other long-term receivables	183,262	**186,973**
Long-term tax assets	16,570	**17,751**
Total non-current assets	21,250,968	**22,266,415**
Current assets		
Stock		
Raw materials and consumables	595,331	**638,338**
Work in progress	147,254	**149,259**
Finished goods and goods for resale	601,002	**615,751**
Payments on account	12,499	**25,815**
	1,356,086	**1,429,163**
Receivables and other assets		
Short-term financial receivables	99,671	**99,164**
Trade receivables	1,298,770	**1,893,022**
Other short-term operating receivables	361,928	**378,932**
Current tax assets	238,380	**86,431**
	1,998,749	**2,457,549**
Financial investments and derivative financial instruments	47,914	**21,009**
Cash and cash equivalents	854,368	**985,148**
Total current assets	4,257,117	**4,892,869**
Balance sheet total	25,508,085	**27,159,284**

Liabilities EUR '000s	31 Dec. 2009	**30 Sept. 2010**
Shareholders' equity and minority interests		
Subscribed share capital	562,500	**562,500**
Share premium	5,539,377	**5,539,377**
Retained earnings	6,166,476	**6,192,170**
Other components of equity	-1,867,366	**-951,433**
Equity attributable to shareholders	10,400,987	**11,342,614**
Minority interests	602,029	**734,383**
Total equity	11,003,016	**12,076,997**
Non-current liabilities		
Debenture loans	4,898,865	**7,062,713**
Bank loans	2,981,880	**1,557,731**
Other long-term financial liabilities	300,317	**294,099** [1]
	8,181,062	**8,914,543**
Provisions for pensions	756,712	**1,037,290**
Deferred taxes	892,367	**811,821**
Other long-term provisions	1,023,818	**1,044,483**
Other long-term operating liabilities	204,388	**192,525**
Long-term tax liabilities	79,798	**88,812**
	2,957,083	**3,174,931**
Total non-current liabilities	11,138,145	**12,089,474**
Current liabilities		
Debenture loans (current portion)	699,467	**186,757**
Bank loans (current portion)	196,220	**208,595**
Other short-term financial liabilities	285,629	**416,685** [1]
	1,181,316	**812,037**
Provisions for pensions (current portion)	115,139	**116,589**
Other short-term provisions	176,331	**186,730**
Trade payables	931,560	**896,649**
Other short-term operating liabilities	763,112	**819,530**
Current income taxes payables	199,466	**161,278**
	2,185,608	**2,180,776**
Total current liabilities	3,366,924	**2,992,813**
Total liabilities	14,505,069	**15,082,287**
Balance sheet total	25,508,085	**27,159,284**

[1] Includes puttable minorities with an amount of EUR '000s 73,755 (previous year: 36,938)

Group statement of changes in equity

Group statement of changes in equity EUR '000s	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2009	375,000	3,470,892	6,316,964	-14,234
Profit for the period			419,315	
Other comprehensive income			-52,509	-1,442
Total comprehensive income			366,806	-1,442
Adjustments consolidation scope and other changes				
Capital increase from issuance of new shares	187,500	1,797,307		
Dividends			-15,000	
30 September 2009	562,500	5,268,199	6,668,770	-15,676
1 January 2010	562,500	5,539,377	6,166,476	-13,339
Profit for the period			243,032	
Other comprehensive income			-203,748	5,295
Total comprehensive income			39,284	5,295
Changes consolidation scope				
Changes in ownership interests in subsidiaries			24,238	
Changes in puttable minorities			-17,071	
Other changes			1,743	13
Dividends			-22,500	
30 September 2010	562,500	5,539,377	6,192,170	-8,031

Other components of equity						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Minority interests	**Total equity**
9,166	4,901	-2,442,548	-2,442,715	7,720,141	540,703	**8,260,844**
				419,315	102,244	**521,559**
4,878	6,380	142,177	151,993	99,484	25,625	**125,109**
4,878	6,380	142,177	151,993	518,799	127,869	**646,668**
					104,529	**104,529**
				1,984,807		**1,984,807**
				-15,000	-36,913	**-51,913**
14,044	11,281	-2,300,371	-2,290,722	10,208,747	736,188	**10,944,935**
12,929	39,585	-1,906,541	-1,867,366	10,400,987	602,029	**11,003,016**
				243,032	129,097	**372,129**
13,364	82	899,358	918,099	714,351	40,929	**755,280**
13,364	82	899,358	918,099	957,383	170,026	**1,127,409**
					16,016	**16,016**
				24,238	16,928	**41,166**
				-17,071	-19,746	**-36,817**
-138	-2,041		-2,166	-423		**-423**
				-22,500	-50,870	**-73,370**
26,155	37,626	-1,007,183	-951,433	11,342,614	734,383	**12,076,997**

Segment reporting / Notes

Group areas January - September 2010 EURm	Western and Northern Europe 2009	 **2010**	Eastern Europe-Central Asia 2009	 **2010**
External turnover	2,833	**2,867**	1,004	**864**
Inter-Group areas turnover	38	**37**	4	
Turnover	2,871	**2,904**	1,008	**864**
Change to previous year in %		1.2 %		-14.3 %
Operating income before depreciation (OIBD)	519	**458**	304	**215**
as % of turnover	18.1 %	15.8 %	30.1 %	24.9 %
Depreciation	-181	**-201**	-71	**-70**
Operating income	338	**257**	233	**146**
as % of turnover	11.8 %	8.8 %	23.1 %	16.9 %
Results from participations	23	**21**	1	
Impairments	-2	**-23**		**-1**
Reversal of impairments		**7**	1	**5**
Other additional result				
Additional ordinary result	-2	**-17**		**4**
Earnings before interest and taxes (EBIT)	359	**261**	234	**150**
Capital expenditures [1]	87	**97**	191	**124**
Segment assets [2]	6,641	**6,824**	1,765	**1,926**
OIBD as % of segment assets	7.8 %	6.7 %	17.2 %	11.2 %
Number of employees as at 30 September	14,768	**14,319**	10,213	**9,311**
Average number of employees	15,191	**14,330**	10,415	**9,305**

[1] Capital expenditures = in the segment columns: tangible fixed assets and intangible assets investments; in the reconciliation column: financial fixed assets investments
[2] Segments assets = tangible fixed assets and intangible assets

	North America		Asia-Pacific		Africa-Med. Basin		Group Services		Reconciliation Overhead-Other		Continuing operations	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
	2,277	**2,318**	1,520	**1,897**	615	**666**	143	**265**			8,391	**8,877**
			30	**21**	26	**28**	237	**276**	-335	**-362**		
	2,277	**2,318**	1,549	**1,918**	641	**694**	380	**541**	-335	**-362**	8,391	**8,877**
		1.8 %		23.8 %		8.4 %		42.4 %				5.8 %
	286	**362**	427	**542**	119	**120**	28	**16**	-77	**-71**	1,606	**1,642**
	12.6 %	15.6 %	27.6 %	28.3 %	18.6 %	17.3 %	7.5 %	2.9 %	23.1 %	19.6 %	19.1 %	18.5 %
	-198	**-198**	-80	**-102**	-23	**-25**			-24	**2**	-579	**-595**
	88	**163**	347	**440**	96	**94**	28	**15**	-102	**-69**	1,028	**1,047**
	3.9 %	7.0 %	22.4 %	22.9 %	15.0 %	13.6 %	7.4 %	2.9 %	30.4 %	19.1 %	12.2 %	11.8 %
	3	**-11**	15	**4**	2	**2**	3				48	**17**
					-14						-17	**-25**
											1	**12**
									27	**-20**	27	**-20**
					-14				27	**-20**	11	**-33**
	91	**152**	362	**444**	84	**97**	31	**15**	27	**-20**	1,087	**1,031**
	74	**91**	35	**98**	14	**10**			18	**86**	419	**506**
	7,878	**8,035**	2,741	**3,611**	729	**723**	36	**39**			19,791	**21,157**
	3.6 %	4.5 %	15.6 %	15.0 %	16.3 %	16.6 %	79.1 %	40.2 %			8.1 %	7.8 %
	14,671	**13,953**	13,569	**13,550**	2,525	**3,556**	50	**54**			55,796	**54,742**
	14,381	**13,281**	13,712	**13,600**	2,549	**2,485**	51	**52**			56,299	**53,052**

Notes to the interim Group accounts

Accounting and consolidation principles

The interim Group accounts of HeidelbergCement AG as of 30 September 2010 were prepared on the basis of IAS 34 "Interim Financial Statements". All International Financial Reporting Standards (IFRS) that were binding at the reporting date and have been ratified by the European Union as well as the announcements of the International Financial Reporting Interpretations Committee (IFRIC) were applied.

The interim Group accounts as of 30 September 2010 were not subject to any audits or reviews.

The accounting and valuation principles applied in the preparation of the interim Group accounts correspond in principle to those of the Group annual accounts as of 31 December 2009, with the exception of the announcements or amendments to announcements issued by the IASB listed below, which were applicable for the first time in the 2010 financial year:

- Amendments to IFRS 2 (Group Cash-settled Share-based Payment Transactions)
- Amendments to IFRS 3 (Business Combinations)
- Amendments to IAS 27 (Consolidated and Separate Financial Statements)
- Amendments to IFRIC 9 and IAS 39 (Embedded Derivatives)
- IFRIC 18 (Transfer of Assets from Customers)
- 2009 annual improvement process

The amendments relevant for the HeidelbergCement Group relate to the revised versions of IFRS 3 and IAS 27. This has resulted in changes to the accounting of business combinations.

The major changes from the previous version of IFRS 3 can be summarised as follows: Minority interests may now be shown either at fair value or as their proportionate interest in the net identifiable assets. Transaction costs connected with the acquisition of companies are expensed immediately as incurred. Contingent considerations are measured at fair value and recognised either as a liability or as shareholders' equity. Changes in the fair value after the acquisition date are no longer recognised as an adjustment to goodwill but are instead recognised in profit or loss. The aforementioned amendments may affect the amount of goodwill, the minority interests, and the profit for the financial year.

For successive business combinations, a revaluation of the existing shareholders' equity ratios takes place at the acquisition date. Gains or losses arising from the revaluation are recognised in profit or loss.

The major amendments to IAS 27 relate to the accounting of changes in ownership interests as well as minority interests. Changes in the ownership interest that do not result in the loss of control are recognised as equity transactions between owners and do not lead to recognition of revenue, nor to any adjustment to goodwill. If there is a loss of control, the assets and liabilities of the subsidiary are derecognised under consideration of their impact on profit or loss. Remaining shares are now recognised at fair value. Differences between the existing carrying amount and the fair value are recognised in profit or loss. Shares of losses are now attributable to minorities even if this means that the minority interests are negative.

In the case of put options or rights to tender held by minorities as well as minority interests in German partnerships, shares in the comprehensive income for the period allocated to minorities and dividend payments to minorities are shown as a change in shareholders' equity during the year. At the reporting date, the liability arising from the right to tender is shown as a financial liability at the present value of the repayment sum. The excess of the present value of the liability over the carrying amount of the minority interests is recognised directly in equity. This is shown in the reconciliation of changes in total equity in the "Changes in puttable minorities" line.

In connection with the revision of IAS 27, IAS 7 (Cash Flow Statement) was amended so that the presentation of cash flows is based on whether they result in control being gained or relinquished, or relate to equity transactions between owners. Cash flows resulting from an acquisition or loss of control are now shown separately as "Investments in or divestments of subsidiaries and other business units" in Cash flow from investing activities. Cash flows resulting from transactions with owners (no loss of control) are now shown in Cash flow from financing activities as an "Increase or decrease in ownership interests in subsidiaries". The previous year's values have been adjusted accordingly.

Seasonal nature of the business

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

Segment reporting

With effect from the beginning of the 2010 financial year, HeidelbergCement has reorganised its reporting structure. It is now geographically divided into six Group areas: Western and Northern Europe, Eastern Europe-Central Asia, North America, Asia-Pacific, Africa-Mediterranean Basin, and Group Services. The Western and Northern Europe area includes the Benelux countries, Denmark, Germany, the United Kingdom, Norway, Sweden, and the Baltic States. Bosnia-Herzegovina, Georgia, Kazakhstan, Croatia, Poland, Romania, Russia, the Czech Republic, Slovakia, the Ukraine, and Hungary are part of the Eastern Europe-Central Asia Group area. North America remains unchanged and is made up of the United States and Canada. Asia-Pacific consists of Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, as well as Australia, and the Africa-Mediterranean Basin Group area comprises our activities in Africa, Israel, Spain, and Turkey. As in the past, our trading activities are bundled within the Group Services division.

Our main activities, cement and aggregates, are reflected separately in the reporting segments. The building products business line remains unchanged, and in the concrete, service, and others section we mainly report on downstream activities, such as ready-mixed concrete and asphalt.

The previous year's values have been restated accordingly.

Business combinations

On 13 May 2010, HeidelbergCement acquired the remaining 50% of the shares in the joint venture Pioneer North Queensland Pty Ltd, thus further strengthening its activities in Australia. The purchase price amounted to EUR 11.4 million and was paid in cash. The company was previously accounted for using the equity method. The fair value of the equity participation amounted to EUR 11.4 million. The revaluation of the shareholding resulted in a loss of EUR 1.1 million, which was recognised in the additional ordinary expenses. The purchase price allocation has not yet been completed. The provisionally recognised goodwill of EUR 8.7 million, which is not deductible for tax purposes, reflects the synergy potential arising from the business combination.

In order to expand its cement production capacity in the Democratic Republic of the Congo, HeidelbergCement acquired 55% of the shares in Cimenterie de Lukala SARL (CILU) and 70% of the shares in Interlacs SARL from George Forrest Group on 15 September 2010. The purchase price of EUR 62.2 million was paid in cash. The first-time consolidation of the companies took place provisionally on the basis of the carrying amounts as at the acquisition date, as the fair values as at the reporting date could not yet be determined. The provisionally recognised difference of EUR 44.2 million primarily reflects the future market potential. The minority interests were measured on the basis of their proportionate interest in the fair value of the identifiable net assets. At the date of first consolidation, minority interests of EUR 14.5 million were recognised.

The provisional fair values of the identifiable assets and liabilities of the companies consolidated for the first time as at the acquisition date are shown in the following table.

Preliminary fair values recognised as of the aquisition date EURm	
Intangible assets	**0.6**
Tangible fixed assets	**45.9**
Stocks	**22.7**
Trade receivables	**4.4**
Cash at bank and in hand	**2.9**
Other assets	**6.6**
Total assets	**83.1**
Provisions	**0.6**
Liabilities	**35.9**
Deferred taxes	**0.1**
Total liabilities	**36.6**
Net assets	**46.5**

The companies included for the first time in the financial year have contributed EUR 10.4 million to the turnover and EUR 2.2 million to the profit for the financial year since acquisition. If the business combinations had taken place at the beginning of the year, the Group's turnover would have been EUR 47.5 million higher and the profit for the financial year EUR 0.9 million higher.

Changes in the participation structure

In connection with the acquisition of a minority participation in our African activities, IFC and its finance partners paid in an initial tranche of USD 60 million on 5 August 2010, thus acquiring around 6% of the shares. The agreement gives IFC the right to tender the acquired shares to HeidelbergCement from a specified date. The liability arising from the right to tender was shown as a financial liability at the present value of the repayment sum, which amounted to EUR 37.5 million.

Divestments and changes in the participation structure in the previous year

On 14 May 2009, HeidelbergCement sold its 50% participation in the Australian joint venture Pioneer Road Services Pty Ltd, Melbourne. The net assets at the time of sale amounted to EUR 26.9 million. The sales proceeds were shown in the Investing activities section as cash flow from divestments of subsidiaries and other business units in accordance with the revised version of IAS 7.

On 18 June 2009, HeidelbergCement sold 520.5 million shares in the Indonesian cement manufacturer PT Indocement Tunggal Prakarsa. This reduced the shareholding by 14.1% to 51.0%. In accordance with the revised version of IAS 7, the proceeds were shown in Cash flow from financing activities as a decrease in ownership interests in subsidiaries.

Turnover development by Group areas and business lines January - September 2010	Cement		Aggregates		Building products		Concrete Service Other		Intra Group eliminations		Total	
EURm	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Western and Northern Europe	1,214	**1,231**	503	**593**	408	**338**	1,169	**1,176**	-423	**-433**	2,871	**2,904**
Eastern Europe-Central Asia	797	**662**	91	**93**	0	**0**	192	**177**	-71	**-69**	1,008	**864**
North America	669	**677**	643	**707**	572	**538**	624	**646**	-231	**-251**	2,277	**2,318**
Asia-Pacific	827	**1,146**	254	**316**	23	**23**	580	**651**	-135	**-218**	1,549	**1,918**
Africa-Med. Basin	427	**482**	68	**63**	0	**0**	194	**202**	-49	**-53**	641	**694**
Total	3,934	**4,198**	1,559	**1,772**	1,002	**900**	2,760	**2,852**	-908	**-1,023**	8,346	**8,698**
Group Services											380	**541**
Inter-area turnover											-335	**-362**
Continuing operations											8,391	**8,877**

Exchange rates		Exchange rates at reporting day		Average exchange rates	
EUR		31 Dec. 2009	**30 Sept. 2010**	01-09/2009	**01-09/2010**
USD	US	1.4316	**1.3630**	1.3668	**1.3159**
AUD	Australia	1.5956	**1.4100**	1.8129	**1.4662**
CAD	Canada	1.5058	**1.4021**	1.5977	**1.3630**
CNY	China	9.7720	**9.1192**	9.3375	**8.9559**
GBP	Great Britain	0.8862	**0.8676**	0.8852	**0.8578**
GEL	Georgia	2.3846	**2.4477**	2.2705	**2.3389**
GHC	Ghana	2.0674	**1.9656**	1.9298	**1.8915**
HKD	Hong Kong	11.0995	**10.5761**	10.5944	**10.2250**
IDR	Indonesia	13,457.04	**12,163.41**	14,555.97	**11,989.98**
INR	India	66.4262	**60.7353**	66.7847	**60.4605**
KZT	Kazakhstan	212.5497	**201.2470**	200.8014	**193.7995**
MYR	Malaysia	4.8989	**4.2062**	4.8687	**4.2795**
NOK	Norway	8.2938	**8.0000**	8.8633	**8.0025**
PLN	Poland	4.0955	**3.9612**	4.3843	**4.0071**
RON	Romania	4.2327	**4.2613**	4.2313	**4.1918**
RUB	Russia	43.3932	**41.6825**	44.3794	**39.8124**
SEK	Sweden	10.2505	**9.1789**	10.7343	**9.6592**
CZK	Czech Republic	26.3085	**24.4618**	26.6534	**25.4558**
HUF	Hungary	269.0835	**275.7213**	283.6873	**275.5161**
TZS	Tanzania	1,899.49	**2,042.91**	1,801.35	**1,826.82**
TRY	Turkey	2.1402	**1.9668**	2.1510	**1.9995**

Goodwill

An impairment test on goodwill is performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared, or if there are reasons to suspect impairment. On 30 September 2010, management conducted sensitivity analyses with respect to the discount rates for those units that, as already indicated in the 2009 Annual Report, exhibit a less extensive scope for assessment. They did not necessitate the recognition of impairment.

Financing

On 19 January 2010, HeidelbergCement issued two Eurobonds to national and foreign institutional investors with a total issue volume of EUR 1.4 billion: one bond of EUR 650 million with a term of 5 years and a second of EUR 750 million with a term of 10 years. The bonds have fixed interest rates of 6.5 % p.a. for the 5-year term and 7.5 % for the 10-year term. The issue prices were 98.8561 % and 98.2192 %, giving yields to maturity of 6.75 % and 7.75 % respectively. The bonds are unsecured and rank pari passu with all other capital market debts. The proceeds from the issue were exclusively used for the repayment of the syndicated loan from June 2009.

To secure liquidity in the long term, HeidelbergCement arranged and concluded a new syndicated credit line with a volume of EUR 3 billion, with a group of 17 banks, on 27 April 2010. The new credit line refinanced the remaining liabilities from the credit agreement concluded in June 2009 with 60 banks and a term ending in December 2011. Primarily intended as a liquidity reserve, the new credit line has a term ending on 31 December 2013. This increases HeidelbergCement's financial and operational flexibility. At the same time, it significantly reduced the lender's collateral in comparison with the previous credit agreement.

On 1 July 2010, HeidelbergCement issued a Eurobond with an issue volume of EUR 650 million and a term ending on 15 December 2015 via its EUR 10 billion EMTN programme. The bond has a fixed interest rate of 6.75 % p.a. The issue price was 99.444 %, giving a rate of return of 6.875 %. The bond is unsecured and ranks pari passu with all other capital market debt. As with the Eurobonds issued in January 2010 and October 2009, the bond terms and conditions include a limitation on incurring additional debt. The proceeds from the issue of the bond were used to further improve our maturity profile. The USD bond 2000/2010 with a volume of USD 750 million was repaid in due time on 27 September 2010.

Changes in estimations in pension provisions

The actuarial gains and losses were adjusted on the basis of the interest rates for the key countries applicable at the reporting date.

Related parties disclosures

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

Contingent liabilities

At the reporting date, there are contingent liabilities of EUR 312.0 million (31 December 2009: 366.4). These include obligations of EUR 267.0 million (31 December 2009: 330.7) for which the probability of outflow is remote.

Events after the balance sheet date

After the balance sheet date, there were no reportable events

Heidelberg, 4 November 2010

HeidelbergCement AG

The Managing Board

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

Contact:
Group Communication
Phone: +49 6221 481-227
Fax: +49 6221 481-217
E-mail: info@heidelbergcement.com

Investor Relations
Phone:
Institutional investors: +49 6221 481-925
Private investors: +49 6221 481-256
Fax: +49 6221 481-217
E-mail: ir-info@heidelbergcement.com

Financial calendar	
Group and Company Annual Accounts 2010	18 March 2011
Interim Financial Report January to March 2011	5 May 2011
Annual General Meeting 2011	5 May 2011

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany
www.heidelbergcement.com