Interim Financial Report

January to March 2011

HEIDELBERGCEMENT

- **Double-digit increase in sales volumes in all business lines because of mild winter and stronger than expected economic recovery in Western and Northern Europe as well as in Eastern Europe-Central Asia**
- **Group turnover improved by 19% to EUR 2.6 billion**
- **Operating income before depreciation (OIBD) increased by 48% to EUR 253 million (previous year: 171)**
- **Outlook unchanged: sustained growth in Asia-Pacific and Africa-Mediterranean Basin and continuing recovery in North America and Europe expected**
- **Continued focus on increasing efficiency, reducing costs, and raising prices in order to offset increasing energy and raw material costs as well as rising inflation**

Overview January to March 2011	January - March	
EURm	2010	**2011**
Turnover	2,180	**2,602**
Operating income before depreciation	171	**253**
in % of turnover	7.9%	**9.7%**
Operating income	-18	**60**
Additional ordinary result	-15	**-2**
Result from participations	-2	**-4**
Earnings before interest and income taxes (EBIT)	-35	**54**
Loss before tax	-218	**-87**
Net loss from continuing operations	-157	**-116**
Net loss from discontinued operations	-5	**-4**
Loss for the period	-162	**-120**
Group share of loss	-199	**-161**
Investments	123	**171**

Interim Financial Report January to March 2011

Interim Group management report

Business trend January to March 2011

Economic environment

The global economy is continuing its recovery, although the development dynamics still clearly differ from region to region: the national economies of Asia, particularly China and India, remain on a strong growth track; Africa is also recording solid growth. In contrast, the economic recovery in the industrialised countries of Europe and North America is taking place at a significantly more restrained pace.

Sales volumes benefit from mild winter and economic recovery in Europe

Milder winter weather and catch-up effects following the heavy snow in December and a stronger than expected economic recovery in our markets in Western and Northern Europe as well as Eastern Europe-Central Asia led to a significant rise in sales volumes in all business lines in the first quarter. In addition, the economic recovery continued in the mature markets. In North America, demand for building materials increased only slightly in comparison with the previous year, as a result of a hard winter in Canada. The markets in Asia and Africa continued to develop positively, exhibiting consistently strong growth rates overall.

The Group's cement and clinker sales volumes rose by 14.4% to 17.3 million tonnes (previous year: 15.2). The Western and Northern Europe, Eastern Europe-Central Asia, and Africa-Mediterranean Basin Group areas reported double-digit growth rates. In Asia, demand continued to develop strongly, particularly in Indonesia. Cement sales volumes in North America recovered slightly. Deliveries of aggregates across the Group amounted to 46.3 million tonnes (previous year: 40.3), an increase of 14.9%. Ready-mixed concrete deliveries rose by 20.6% to 8.4 million cubic metres (previous year: 6.9). Asphalt sales volumes grew by 16.7% to 1.6 million tonnes (previous year: 1.4).

Turnover and results improved

On the basis of the strong increases in sales volumes, Group turnover rose considerably in the first quarter, by 19.4%, to EUR 2,602 million (previous year: 2,180). All Group areas, with the exception of North America, recorded double-digit growth rates. In some markets, price increases were pushed through already in view of the rising costs of energy and raw materials. Positive exchange rate effects boosted the development of turnover in Western and Northern Europe and Asia-Pacific. Excluding exchange rate and consolidation effects, turnover increased by 14.3%. Operating income before depreciation (OIBD) rose by 47.5% to EUR 253 million (previous year: 171). Operating income improved to EUR 60 million (previous year: -18).

The additional ordinary result improved by EUR 13 million to EUR -2 million (previous year: -15). The previous year's result was characterised primarily by restructuring expenses. Results from participations decreased by EUR 2 million to EUR -4 million (previous year: -2). Financial results improved by EUR 43 million to EUR -140 (previous year: -183). This mainly relates to the decrease in interest expenses and other financial expenses in connection with the reorganisation of the financing structure in the first half of 2010 and the reduction of net debt.

The loss before tax from continuing operations amounts to EUR -87 million (previous year: -218). Expenses relating to taxes on income rose by EUR 90 million to EUR 29 million (previous year: -61). The figure was primarily characterised by non-capitalised deferred taxes on losses carried forward in North America. As a result, the effective tax rate changed in comparison with the previous year, from 27.9% to -34.0%. The loss after tax from continuing operations thus totals EUR -116 million (previous year: -157).

Overall, the loss for the reporting period amounts to EUR -120 million (previous year: -162). The profit attributable to minority interests rose by EUR 3 million to EUR 40 million (previous year: 37). The Group share therefore amounts to EUR -161 million (previous year: -199).

"FOX 2013" programme progressing according to plan

The three-year programme for financial and operational excellence ("FOX 2013") presented at the start of January is well on the way to achieving the targeted improvement of EUR 600 million in cash flow over the next three years. Analyses of the pilot projects in the aggregates and cement business lines have confirmed the savings goals for these business lines. Leverage points for the optimisation of working capital by EUR 100 million were identified and around EUR 30 million of potential has already been secured.

Cash flow statement

The cash outflow from operating activities increased in the first quarter of 2011 by EUR 74 million to EUR 474 million (previous year: 400). This is due to the growth in operating activities, with a rise of 19.4% in turnover and the related increase of EUR 190 million in trade receivables, and the higher cash outflow resulting from income tax payments of EUR 110 million. In the previous year, the repayment of taxes on income amounting to EUR 113 million in North America resulted in an inflow of cash. This was counteracted by lower payments for operating liabilities, amounting to EUR 129 million, and interest payments amounting to EUR 52 million. Cash flow from investing activities increased slightly by EUR 52 million to EUR 145 million (previous year: 93), primarily because of investments in tangible fixed assets. Cash outflow from operating and investing activities was financed by the net borrowings of EUR 593 million (previous year: 356). As a result, there was a seasonal increase of EUR 488 million in net financial liabilities (previous year: 541) in the first quarter.

Investments

Cash flow investments rose by 39.6% in the first quarter to EUR 171 million (previous year: 123). 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 154 million (previous year: 119) of this total. Investments in financial fixed assets increased to EUR 17 million (previous year: 4); in addition to smaller acquisitions to round off shareholdings, these primarily related to the acquisition of 100% of the shares in the Swedish aggregates company Ledinge Fastighets AB.

Balance sheet

For the first quarter of 2011, the balance sheet total fell by EUR 0.6 billion to EUR 26.7 billion (previous year: 27.4). The decrease of EUR 0.8 billion in fixed assets to EUR 21.6 billion (previous year: 22.4) is mainly due to exchange rate effects. Trade receivables rose by EUR 0.2 billion to EUR 1.6 billion (previous year: 1.4).

The changes on the liabilities side of the Group balance sheet with regard to equity are mainly caused by currency exchange fluctuation amounting to EUR 0.7 billion and the loss of EUR 0.1 billion for the reporting period. The liabilities were affected in particular by the increase of EUR 0.4 billion in interest-bearing liabilities to EUR 9.6 billion (previous year: 9.2) as well as the decrease of EUR 0.05 billion in provisions for pensions to EUR 0.89 billion (previous year: 0.94).

Financing

On 18 March 2011, Standard & Poor's upgraded HeidelbergCement's long-term rating to BB and maintained the positive outlook. The rating agency's decision took into account the continuation of the consistent debt reduction and the prudent stance towards investments and dividend distribution. The current ratings from Standard & Poor's, Moody's, and Fitch Ratings are now BB/B, Ba2/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 2,185 million and the consolidated interest expense of EUR 529 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 31 March 2011, the consolidated coverage ratio amounted to 4.13.

The net financial liabilities decreased by EUR 330 million in comparison with 31 March 2010, amounting to EUR 8,634 million (previous year: 8,964) as at 31 March 2011. The increase of EUR 488 million in comparison with the end of 2010 is primarily due to the rise in working capital, related to seasonal factors.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to EUR 2,873 million as at the end of March 2011.

Western and Northern Europe

The economic recovery continued in the countries of the Western and Northern Europe Group area. Germany, Sweden, and Norway in particular recorded a solid upturn. The British economy is only slowly getting back on course for growth. While the construction industry in the Group area suffered in the first quarter of 2010 as a result of an exceptionally hard and long winter, construction activity in the first quarter of 2011 was boosted by mild weather conditions. Besides an additional catch-up effect resulting from the early onset of winter in the fourth quarter of 2010, the recovery of the construction industry also had a positive effect on demand for building materials.

In the cement business line, our domestic deliveries in the first quarter were well above the previous year's level in all countries. Germany and Denmark achieved the largest increases in quantities in domestic shipments, with growth of over 45%. In the United Kingdom, not only did our cement shipments increase noticeably, but pleasing growth was also recorded in deliveries of blast furnace slag. Norway, Sweden, the Benelux countries, and Germany were able to increase their cement and clinker exports, by a substantial percentage in some cases. Overall, our cement and clinker sales volumes in Western and Northern Europe rose by 31.3% in the first three months to 4.7 million tonnes (previous year: 3.6).

In the first quarter, deliveries of aggregates developed very positively in all countries. The Group area's aggregates sales volumes increased by 30.9% to 16.3 million tonnes (previous year: 12.5). In order to expand our activities in Sweden, we acquired an aggregates company north of Stockholm at the end of January 2011.

A clear upward trend was also evident in all countries in the ready-mixed concrete operating line. Overall, ready-mixed concrete sales volumes rose by 39.6% to 3.1 million cubic metres (previous year: 2.2). The sales volumes of the asphalt operating line were 13.1% above the previous year's level.

The building products business line essentially comprises Hanson's building products in the United Kingdom. All operating lines – bricks, precast concrete parts, masonry blocks, lightweight blocks, and concrete paving – were able to achieve volume increases. Thanks in part to the capacity adjustments and cost reduction measures introduced at an early stage, the building products business line achieved a considerable increase in results.

The turnover of the Western and Northern Europe Group area rose by 32.4% to EUR 947 million (previous year: 715); excluding exchange rate effects, the increase amounted to 28.7%.

Eastern Europe-Central Asia

In the Eastern Europe-Central Asia Group area, construction activity in some countries such as Hungary, the Czech Republic, and Romania is still significantly impaired by a hesitant economic recovery. However, the economy and construction activity are regaining momentum in the majority of countries. Russia, Ukraine, Kazakhstan, and Georgia in particular are experiencing a significant recovery in sales volumes of building materials.

In the cement business line, sales volumes increased substantially in most countries; only in Bosnia-Herzegovina and Hungary, our cement deliveries were still significantly below the previous year's level in the first quarter. This positive development was boosted not only by relatively mild winter weather but also by the incipient recovery in construction activity. In Russia, our sales volumes more than doubled. Besides the healthy market development, this was also due to the consolidation of the cement company CJSC "Construction Materials" in the Republic of Bashkortostan, in which we acquired the majority share in 2010. Ukraine, Poland, Kazakhstan, Georgia, and the Czech Republic also recorded considerable increases in sales volumes. Overall, the cement and clinker sales volumes of the Group area increased by 29.9% to 2.3 million tonnes (previous year: 1.8) in the first quarter. Excluding consolidation effects, the rise amounted to 19.0%.

At the end of March 2011, we completed the expansion of the clinker capacity at the Górazdze cement plant in Poland on schedule. At the beginning of April, the modernised kiln line No 2 started operation for the first time with a capacity of 6,000 tonnes of clinker per day. In a further project phase, the cement grinding capacity will also be expanded by approximately 1.2 million tonnes per year, with a new mill set to be constructed by mid-2012. In order to benefit from the growing construction activity and rising cement demand in western Georgia, we commissioned a new cement terminal in Supsa, a harbour city on the Black Sea, on 1 April 2011. We expect the construction of the new TulaCement plant in Russia, with a cement capacity of approximately 2 million tonnes, to be completed by the end of May 2011. This plant will supply the Moscow area in the future.

Sales volumes also recovered considerably in the majority of countries in the aggregates business line. Overall, our aggregates activities in the Group area increased their volumes by 31.7% to 2.2 million tonnes (previous year: 1.7). Deliveries of ready-mixed concrete rose even more substantially, with growth of 40.4% to 0.7 million cubic metres (previous year: 0.5).

The turnover of the Eastern Europe-Central Asia Group area rose by 34.0% to EUR 187 million (previous year: 139); excluding consolidation and exchange rate effects, the increase amounted to 24.2%.

North America

In the North America Group area, HeidelbergCement is represented in the US and Canada. The economic recovery in the US continued; however, according to an initial estimate, the economy grew by just 1.8% in the first quarter in comparison to the fourth quarter of 2010. The sustained high level of unemployment is adversely affecting both private consumption and residential construction. The spending cuts made by the US government as well as the US states and cities are also putting a strain on the construction industry.

The cement sales volumes of our North American plants rose by 2.7% to 1.9 million tonnes (previous year: 1.8) in the first quarter. In the Northeast and Midwest, our cement deliveries were slightly below the previous year because of the severe winter weather and subsequent heavy rainfall. While sales volumes in the South market region recorded only a slight increase, the West region achieved a considerable volume increase. In the Canada region, our cement deliveries were heavily impaired by the severe winter.

In the aggregates business line, our volumes in the North and Canada regions also declined, while the West and South regions recorded growth. Overall, the aggregates sales volumes increased slightly in the first quarter, by 0.9% to 16.1 million tonnes (previous year: 15.9). Deliveries of ready-mixed concrete were 2.7% above the previous year's level, at 1.1 million cubic metres (previous year: 1.1). Asphalt sales volumes rose considerably by 23.8% to just under 0.2 million tonnes (previous year: 0.1).

In the building products business line, which is heavily dependent on residential construction, the bricks and roof tiles operating lines recorded significant volume decreases. Sales volumes of pavers were slightly below the previous year's level. Significant increases were achieved by the precast concrete parts in particular, and by pressure pipes. Thanks to the cost reduction programmes, results of the business line have improved substantially in comparison with last year.

The total turnover in North America rose by 5.2% to EUR 523 million (previous year: 497); excluding exchange rate effects, it rose by 4.1%.

Asia-Pacific

The emerging countries of Asia remain on course for growth. In the first quarter, economic output in China rose by 9.7% compared with the previous year. The general economic conditions are also maintaining momentum in Indonesia, India, and Bangladesh. However, the noticeably increased inflation pressure in the Asian countries is a cause for concern. The Australian economy was adversely affected by the flood disaster at the beginning of the year but should remain on a solid growth track.

During the first quarter, cement and clinker deliveries of the Asia-Pacific Group area grew by 3.2% to 6.3 million tonnes (previous year: 6.1). In Indonesia, our subsidiary Indocement benefited from the continuing high level of demand from residential construction and infrastructure projects. In addition, exports were increased substantially. Overall, Indocement's cement and clinker sales volumes grew by 10.3%. In order to meet the rising domestic demand for cement, Indocement has started to plan the construction of a further cement grinding facility at the Citeureup production site with a capacity of 2 million tonnes; construction is set to start this year, ready for commissioning early 2013.

In China, cement demand remains consistently high on account of the strong economic development. However, the sales volumes of our joint ventures in the provinces of Guangdong and Shaanxi remained below the previous year. The decline is primarily due to production downtimes following a quarry accident.

In India, cement demand was impaired by the government's restraint regarding infrastructure projects. However, the good harvest had a positive effect on residential construction in rural areas. The deliveries of our Indian cement plants increased slightly, by 1.8%. Cement prices have recovered considerably over the last few months. The expansion of our cement capacities in central India by 2.9 million tonnes is proceeding according to schedule. We are planning to commission new facilities in our Damoh and Jhansi plants in the fourth quarter of 2011. HeidelbergCement will then have a total capacity of 6 million tonnes in India.

We achieved a significant increase in sales volumes in Bangladesh. We are currently constructing an additional cement mill at the Chittagong grinding plant with a capacity of 0.8 million tonnes, which is set to be commissioned towards the end of 2011. In Australia, the sales volumes of the proportionately consolidated cement company Cement Australia were adversely affected by the floods.

Deliveries of aggregates rose significantly, with double-digit growth rates, in all Group countries. Malaysia in particular recorded a heavy increase. Overall, sales volumes of aggregates rose by 22.0% to 8.9 million tonnes (previous year: 7.3). The asphalt activities benefited from the market recovery in Malaysia, with a volume increase of 22.5%. Deliveries of ready-mixed concrete increased by 11.8% to 2.2 million cubic metres (previous year: 2.0); a particularly strong contribution was made by Indonesia, where sales volumes more than doubled.

The turnover of the Asia-Pacific Group area rose by 15.5% to EUR 656 million (previous year: 568); excluding the consolidation and exchange rate effects, the increase amounted to 6.4%.

Africa-Mediterranean Basin

The majority of African countries south of the Sahara are experiencing solid economic development and lively construction activity. Construction activity in Turkey is also benefiting from the sustained economic dynamics. In contrast, the construction industry in Spain is still suffering as a result of the real estate crisis and the government's budget cuts.

In Africa, our cement deliveries underwent a considerable increase of 20.3%. Gabon, Sierra Leone, Ghana, Tanzania, and Benin made a particularly strong contribution to this growth, as did the consolidation of the cement activities in the Democratic Republic of the Congo acquired in September 2010. Excluding the consolidation effect, the growth in sales volumes amounted to 11.5%.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. A new cement mill is currently under construction in Liberia and is set to be commissioned during the first quarter of 2012. We are also planning an expansion of the cement production capacity in Ghana with the construction of a new cement mill; construction work is set to start in the second quarter of 2011, ready for commissioning in the third quarter of 2012. In the Democratic Republic of the Congo, we intend to increase the cement capacity of the three plants from over 500,000 tonnes to more than 1.4 million tonnes in the coming years. We are also evaluating options for capacity expansions in other African countries.

Boosted by the lively construction activity in Turkey, the domestic cement sales volumes of our joint venture Akçansa increased by more than 20% in the first three months. While cement exports also rose, lower-margin clinker exports were reduced considerably. In total, Akçansa's cement and clinker sales volumes rose by 2.0%. Overall, the cement and clinker sales volumes of the Africa-Mediterranean Basin Group area increased by 13.9% to 2.2 million tonnes (previous year: 2.0).

Sales volumes of aggregates rose by 6.1% to 3.5 million tonnes (previous year: 3.3); besides the high demand in Israel, this was also due to a significant volume increase in Spain. The asphalt activities also recorded pleasing growth in sales volumes. Ready-mixed concrete deliveries increased by 7.4% to 1.24 million cubic metres (previous year: 1.15); considerable volume increases 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 15.8% to EUR 250 million (previous year: 216); excluding consolidation and exchange rate effects, the growth amounted to 9.8%.

Group Services

HC Trading's trading activity in cement, clinker, and other building materials such as lime and dry mortar decreased by 9.8% to 2.1 million tonnes in the first quarter (previous year: 2.3). The significant decline in cement and clinker deliveries to the Mediterranean Basin – particularly to North Africa – was not offset by growth in other regions. Deliveries of coal and petroleum coke, which HC Trading has only been conducting via sea routes since 2009, rose by 27.1% to 0.5 million tonnes (previous year: 0.4).

The Group Services business unit formerly also comprised our subsidiary HC Fuels, which was responsible – amongst other things – for the overland supply of Group plants with coal and petroleum coke purchased on the international markets. In order to better co-ordinate energy purchasing across the Group, the purchase of fossil fuels and electricity was pooled together in the Group Purchasing department in the first quarter of 2011. The tasks formerly undertaken by HC Fuels were taken over by the Group Energy Purchasing team.

Total turnover of the Group Services business unit reached the previous year's level, at EUR 143 million (previous year: 143); excluding exchange rate effects, turnover fell by 1.3%.

Employees

At the end of the first quarter of 2011, the number of employees at HeidelbergCement stood at 53,771 (previous year: 52,770). The increase of 1,001 employees results essentially from the rise in the number of employees in Africa and Russia following the consolidation of the cement activities in the Democratic Republic of the Congo and the cement plant CJSC "Construction Materials" in the Russian Republic of Bashkortostan.

Related parties disclosures

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

Prospects

The OECD and IMF still forecast a continuation of the global economic recovery this year, although it should be somewhat weaker than in 2010. The growth rates in the emerging countries of Asia and Africa will remain significantly above those of the industrialised countries in North America and Europe.

In the Western and Northern Europe Group area, we generally anticipate further recovery in demand and thus increasing sales volumes for cement and aggregates, which will be primarily driven by strong trends in Scandinavia and Germany. We expect varying trends in the Eastern Europe-Central Asia Group area: while we continue to anticipate consistently weak development in Hungary and Romania, we expect a rise in demand in Poland and Central Asia in particular and, in the second half of 2011, in the Czech Republic. In North America, we anticipate a slight increase in cement and aggregates volumes because of ongoing investments in road construction in the United States and the continuing positive development of the raw materials industry in Canada. We expect demand to continue developing positively in the Asia-Pacific and Africa-Mediterranean Basin Group areas.

On the cost side, HeidelbergCement anticipates an increase in energy and raw material prices as well as rising inflation, particularly in emerging countries. We also anticipate rising personnel costs in the mature markets. HeidelbergCement's aim is to offset the rise in costs through cost-saving measures as well as targeted price increases and fuel surcharges in the individual markets. Once again, the Managing Board has set the objective of increasing turnover and operating income in 2011 in comparison with the previous year.

The considerable growth in sales volumes in the first quarter was the result of a better than expected economic recovery as well as a significantly milder winter in our European markets. For the whole of 2011, we still anticipate a slow recovery in the mature markets as well as rising cost and inflation pressure. We are therefore maintaining our focus on cash flow and stable margins in order to reduce our debt and further improve the key financial ratios. We will consistently continue our efforts to reduce costs and increase efficiency within the scope of the "FOX 2013" programme. At the same time, we will continue to make targeted investments in new cement capacities in growing markets. Thanks to the company's advantageous geographical presence in attractive markets throughout both the emerging and industrialised world, and as global market leader in aggregates, HeidelbergCement is ideally positioned to benefit over-proportionally from further global economic recovery underpinned by growing momentum in North America.

Additional statements on the prospects

The Managing Board of HeidelbergCement has not seen evidence of developments that would suggest changes for the business year 2011 regarding the forecasts and other statements made in the 2010 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 2011 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

The HeidelbergCement risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, and reducing them systematically is the responsibility of the Managing Board and a key task for all managers. HeidelbergCement is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are well balanced by the opportunities they present.

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. HeidelbergCement ensures that competences and responsibilities for risk management are governed by transparent regulations that are based on the Group's structure. A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. 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.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks. Our control and risk management system standardised across the Group ensures that major risks, which, if they occurred, would lead to a considerable deterioration of the Group's economic position, are identified at an early stage.

Risks that may have a significant impact on our financial position and performance in the 2011 financial year and in the foreseeable future are described in detail in the 2010 Annual Report.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Although fears that the industrialised countries would slide back into recession were not confirmed, and forecasts are based on a sustained global economic recovery, ongoing development is subject to uncertainties and risks. In the industrialised countries, the most pressing task is to consolidate state finances and tackle unemployment. In contrast, the challenge facing many emerging countries is to counteract the overheating of the economy and rising inflation pressure. 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	January - March	
EURm	2010	**2011**
Turnover	2,179.7	**2,602.2**
Change in stock and work in progress	19.4	**35.3**
Own work capitalised	1.5	**3.3**
Operating revenue	2,200.6	**2,640.8**
Other operating income	67.2	**74.1**
Material costs	-953.2	**-1,167.7**
Employee and personnel costs	-486.2	**-525.5**
Other operating expenses	-657.0	**-768.7**
Operating income before depreciation (OIBD)	171.4	**253.0**
Depreciation of tangible fixed assets	-182.9	**-191.9**
Amortisation of intangible assets	-6.6	**-1.0**
Operating income	-18.2	**60.1**
Additional ordinary income	4.1	**2.1**
Additional ordinary expenses	-18.7	**-4.0**
Additional ordinary result	-14.6	**-1.9**
Result from associated companies [1]	-0.9	**-5.0**
Result from other participations	-0.9	**0.5**
Earnings before interest and taxes (EBIT)	-34.6	**53.8**
Interest income	25.5	**21.0**
Interest expenses	-170.1	**-145.3**
Foreign exchange gains and losses	-2.7	**0.5**
Other financial result	-35.9	**-16.5**
Financial result	-183.2	**-140.3**
Loss before tax from continuing operations	-217.8	**-86.5**
Taxes on income	60.7	**-29.3**
Net loss from continuing operations	-157.1	**-115.8**
Net loss from discontinued operations	-4.9	**-4.4**
Loss for the period	-161.9	**-120.3**
Thereof minority interests	37.0	**40.4**
Thereof Group share of loss	-198.9	**-160.7**
Earnings per share in EUR (IAS 33)		
Loss per share attributable to the parent entity	-1.06	**-0.86**
Loss per share - continuing operations	-1.03	**-0.83**
Loss per share - discontinued operations	-0.03	**-0.03**

1) Net result from associated companies	-0.2	-4.2

Group statement of comprehensive income

Group statement of comprehensive income	January - March			
EURm	2010	2010	**2011**	**2011**
Loss for the period		-161.9		**-120.3**
Actuarial gains and losses	-162.9		**38.3**	
Income taxes	46.9		**-12.2**	
		-116.0		**26.1**
Cash flow hedges – change in fair value	1.7		**-0.1**	
Income taxes	-0.4			
		1.3		**-0.1**
Available for sale assets – change in fair value	1.1		**0.3**	
Income taxes	0.2			
		1.3		**0.3**
Business combinations		-1.4		
Other		1.4		
Currency translation	795.6		**-698.2**	
Income taxes	6.6		**1.3**	
		802.1		**-697.0**
Other comprehensive income		688.7		**-670.7**
Total comprehensive income		526.8		**-791.0**
Relating to minority interests		83.1		**18.5**
Relating to HeidelbergCement AG shareholders		443.8		**-809.5**

Group cash flow statement

Group cash flow statement	January - March	
EURm	2010	**2011**
Net income from continuing operations	-157.1	**-115.8**
Taxes on income	-60.7	**29.3**
Interest income/expenses	144.6	**124.3**
Dividends received	2.2	**2.5**
Interest received	32.2	**33.3**
Interest paid	-301.6	**-249.5**
Taxes paid	40.1	**-69.4**
Depreciation, amortisation and impairment	190.2	**194.0**
Elimination of other non-cash items	141.0	**13.3**
Cash flow	30.9	**-38.0**
Changes in operating assets	-189.1	**-338.2**
Changes in operating liabilities	-177.5	**-48.1**
Changes in working capital	-366.6	**-386.3**
Decrease in provisions through cash payments	-64.0	**-49.2**
Cash flow from operating activities	-399.7	**-473.5**
Intangible assets	-1.4	**-1.5**
Tangible fixed assets	-117.4	**-152.9**
Subsidiaries and other business units		**-14.1**
Other financial fixed assets	-3.8	**-2.5**
Investments (cash outflow)	-122.5	**-171.0**
Subsidiaries and other business units		**7.4**
Other fixed assets	29.9	**18.8**
Divestments (cash inflow)	29.9	**26.2**
Cash from changes in consolidation scope		**-0.5**
Cash flow from investing activities	-92.6	**-145.3**
Dividend payments - minority shareholders	-3.1	**-1.9**
Proceeds from bond issuance and loans	1,770.6	**1,814.4**
Repayment of bonds and loans	-1,415.0	**-1,221.5**
Cash flow from financing activities	352.5	**591.0**
Net change in cash and cash equivalents	-139.8	**-27.8**
Effect of exchange rate changes	47.5	**-30.6**
Cash and cash equivalents at 1 January	854.4	**870.5**
Cash and cash equivalents at 31 March	762.1	**812.2**

Group balance sheet

Assets		
EURm	31 Dec. 2010	**31 Mar. 2011**
Non-current assets		
Intangible assets		
Goodwill	10,561.3	**10,196.0**
Other intangible assets	351.9	**350.8**
	10,913.2	**10,546.8**
Tangible fixed assets		
Land and buildings	5,233.4	**5,037.2**
Plant and machinery	4,584.9	**4,366.0**
Fixtures, fittings, tools and equipment	240.1	**247.8**
Payments on account and assets under construction	865.4	**887.1**
	10,923.9	**10,538.1**
Financial fixed assets		
Investments in associates	367.5	**351.1**
Financial investments	63.8	**62.3**
Loans to participations	19.1	**18.4**
Other loans and derivative financial instruments	70.0	**64.7**
	520.4	**496.5**
Fixed assets	22,357.4	**21,581.4**
Deferred taxes	355.8	**337.0**
Other long-term receivables	305.3	**303.1**
Long-term tax assets	22.1	**21.7**
Total non-current assets	23,040.7	**22,243.2**
Current assets		
Stock		
Raw materials and consumables	649.1	**647.9**
Work in progress	152.3	**190.1**
Finished goods and goods for resale	659.2	**624.6**
Payments on account	25.0	**29.9**
	1,485.6	**1,492.4**
Receivables and other assets		
Short-term financial receivables	76.5	**68.0**
Trade receivables	1,429.8	**1,619.6**
Other short-term operating receivables	374.6	**404.5**
Current tax assets	61.0	**73.4**
	1,941.9	**2,165.5**
Financial investments and derivative financial instruments	36.0	**23.5**
Cash and cash equivalents	869.7	**812.2**
Total current assets	4,333.2	**4,493.6**
Disposal groups held for sale	2.8	
Balance sheet total	27,376.7	**26,736.8**

Liabilities

EURm	31 Dec. 2010	31 Mar. 2011
Shareholders' equity and minority interests		
Subscribed share capital	562.5	**562.5**
Share premium	5,539.4	**5,539.4**
Retained earnings	6,481.6	**6,346.9**
Other components of equity	-522.1	**-1,197.4**
Equity attributable to shareholders	12,061.4	**11,251.4**
Minority interests	822.8	**838.8**
Total equity	12,884.2	**12,090.2**
Non-current liabilities		
Debenture loans	7,023.9	**5,889.1**
Bank loans	935.7	**1,481.4**
Other long-term financial liabilities	267.3	**229.9**
	8,226.9	**7,600.4**
Puttable minorities	76.6	**77.8**
	8,303.5	**7,678.1**
Provisions for pensions	844.4	**790.1**
Deferred taxes	823.8	**782.2**
Other long-term provisions	1,051.3	**1,015.4**
Other long-term operating liabilities	223.6	**205.8**
Long-term tax liabilities	90.7	**87.7**
	3,033.9	**2,881.2**
Total non-current liabilities	11,337.4	**10,559.4**
Current liabilities		
Debenture loans (current portion)	204.9	**1,141.8**
Bank loans (current portion)	203.3	**214.8**
Other short-term financial liabilities	416.6	**512.4**
	824.9	**1,869.0**
Puttable minorities	18.9	**16.5**
	843.8	**1,885.5**
Provisions for pensions (current portion)	94.4	**98.5**
Other short-term provisions	209.9	**189.5**
Trade payables	1,084.7	**1,016.4**
Other short-term operating liabilities	779.7	**763.5**
Current income taxes payables	138.9	**133.7**
	2,307.6	**2,201.7**
Total current liabilities	3,151.3	**4,087.2**
Provisions and liabilities associated with disposal groups	3.8	
Total liabilities	14,492.5	**14,646.6**
Balance sheet total	27,376.7	**26,736.8**

Group statement of changes in equity

EURm	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2010	562.5	5,539.4	6,166.5	-13.3
Loss for the period			-198.9	
Other comprehensive income			-114.6	1.3
Total comprehensive income			-313.4	1.3
Adjustments consolidation scope and other changes				
Dividends				
31 March 2010	562.5	5,539.4	5,853.0	-12.1
1 January 2011	562.5	5,539.4	6,481.6	-4.2
Loss for the period			-160.7	
Other comprehensive income			26.1	-0.1
Total comprehensive income			-134.6	-0.1
Adjustments consolidation scope and other changes			-0.1	
Dividends				
31 March 2011	562.5	5,539.4	6,346.9	-4.3

	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**
	12.9	39.6	-1,906.5	-1,867.4	10,401.0	602.0	**11,003.0**
					-198.9	37.0	**-161.9**
	1.3	-1.4	756.0	757.2	642.6	46.1	**688.7**
	1.3	-1.4	756.0	757.2	443.8	83.1	**526.8**
						5.5	**5.5**
						-3.1	**-3.1**
	14.3	38.1	-1,150.5	-1,110.2	10,844.7	687.5	**11,532.3**
	23.9	37.1	-578.9	-522.1	12,061.4	822.8	**12,884.2**
					-160.7	40.4	**-120.3**
	0.3		-675.1	-674.9	-648.9	-21.9	**-670.7**
	0.3		-675.1	-674.9	-809.5	18.5	**-791.0**
		-0.4		-0.4	-0.5	-0.6	**-1.1**
						-1.9	**-1.9**
	24.2	36.7	-1,254.0	-1,197.4	11,251.4	838.8	**12,090.2**

Segment reporting / Notes

Group areas January - March 2011	Western and Northern Europe		Eastern Europe-Central Asia		North America	
EURm	2010	**2011**	2010	**2011**	2010	**2011**
External turnover	703	**933**	139	**187**	497	**523**
Inter-Group areas turnover	12	**14**	0	**0**	0	**0**
Turnover	715	**947**	139	**187**	497	**523**
Change to previous year in %		**32.4 %**		**34.0 %**		**5.2 %**
Operating income before depreciation (OIBD)	8	**79**	-7	**-2**	-12	**-11**
as % of turnover	1.1 %	**8.3 %**	-5.3 %	**-1.2 %**	-2.4 %	**-2.0 %**
Depreciation	-65	**-61**	-23	**-24**	-60	**-61**
Operating income	-58	**18**	-30	**-26**	-72	**-72**
as % of turnover	-8.1 %	**1.9 %**	-21.8 %	**-14.2 %**	-14.5 %	**-13.7 %**
Results from participations	-1	**-2**	0	**-1**	-2	**-4**
Impairments	0	**-1**				
Reversal of impairments			0			
Other additional result						
Additional ordinary result	0	**-1**	0	**0**	0	**0**
Earnings before interest and taxes (EBIT)	-58	**16**	-31	**-27**	-74	**-75**
Capital expenditures [1]	23	**27**	42	**57**	30	**21**
Segment assets [2]	6,795	**6,753**	1,919	**2,160**	8,180	**7,724**
OIBD as % of segment assets	0.1 %	**1.2 %**	-0.4 %	**-0.1 %**	-0.1 %	**-0.1 %**
Number of employees as at 31 March	14,061	**13,831**	9,344	**9,731**	13,261	**12,907**
Average number of employees	14,123	**13,763**	9,291	**9,735**	13,914	**12,971**

1) Capital expenditures = in the segment columns: tangible fixed assets and intangible assets investments; in the reconciliation column: financial fixed assets investments and acquisitions of shares

2) Segments assets = tangible fixed assets and intangible assets

Asia-Pacific		Africa-Mediterranean Basin		Group Services		Reconciliation Overhead-Other		Continuing operations	
2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
566	**651**	206	**242**	68	**66**			2,180	**2,602**
3	**5**	10	**8**	75	**76**	-100	**-103**	0	**0**
568	**656**	216	**250**	143	**143**	-100	**-103**	2,180	**2,602**
	15.5 %		**15.8 %**		**-0.3 %**				**19.4 %**
161	**161**	37	**42**	4	**3**	-18	**-19**	171	**253**
28.3 %	**24.5 %**	17.2 %	**16.8 %**	2.7 %	**2.1 %**	18.5 %	**18.3 %**	7.9 %	**9.7 %**
-31	**-35**	-8	**-9**	0	**0**	-2	**-2**	-190	**-193**
130	**125**	29	**33**	4	**3**	-20	**-21**	-18	**60**
22.8 %	**19.1 %**	13.4 %	**13.2 %**	2.6 %	**2.1 %**	20.4 %	**20.6 %**	-0.8 %	**2.3 %**
1	**2**	0	**0**	0	**0**			-2	**-4**
								0	**-1**
								0	**0**
						-15	**-1**	-15	**-1**
	0	0	**0**			-15	**-1**	-15	**-2**
131	**127**	29	**33**	3	**3**	-15	**-1**	-35	**54**
22	**45**	2	**4**			4	**17**	123	**171**
3,475	**3,684**	658	**724**	37	**40**			21,064	**21,085**
4.6 %	**4.4 %**	5.6 %	**5.8 %**	10.1 %	**7.7 %**			0.8 %	**1.2 %**
13,605	**13,718**	2,449	**3,531**	50	**53**			52,770	**53,771**
13,616	**13,715**	2,449	**3,532**	50	**53**			53,444	**53,769**

Notes to the interim Group accounts

Accounting and consolidation principles

The interim Group accounts of HeidelbergCement AG as of 31 March 2011 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 31 March 2011 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 2010, with the exception of the amendments to announcements issued by the IASB listed below, which were applicable for the first time in the 2011 financial year:

– Amendments to IAS 24 (Related Parties Disclosures)

– Amendments to IFRIC 14 (Prepayments of a Minimum Funding Requirement)

– Annual Improvement Project 2010

The first-time application of the amendments had no impact on the financial position and performance of the Group.

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.

Business combinations

In order to expand its activities in the aggregates business line in the north of the Swedish capital, Stockholm, HeidelbergCement acquired 100% of the shares in Ledinge Fastighets AB, Rimbo, and its subsidiaries on 31 January 2011. The acquired group's area of activity primarily comprises the operation of sand, gravel, and crushed stone pits. The goodwill of EUR 10.0 million arising on the difference between the purchase price of EUR 12.6 million and the provisionally measured net assets of EUR 2.6 million represents growth prospects resulting from the improved market position. The purchase price was paid in cash. The transaction costs of EUR 0.2 million were recognised in the profit and loss account as additional ordinary expenses. The purchase price allocation has not yet been completed. The figure may be revised following the adjustment of the fair values of the intangible assets, tangible fixed assets, and the deferred taxes applicable to these assets. The receivables recognised as at the acquisition date primarily include trade receivables and other short-term operating receivables with fair values amounting to EUR 1.4 and 0.5 million respectively, which are expected to be fully recoverable.

The following table shows the provisional fair values of the identifiable assets and liabilities of Ledinge Fastighets AB as at the acquisition date.

Preliminary fair values recognised as at the aquisition date	
EURm	
Tangible fixed assets	4.7
Stocks	1.2
Trade and other operating receivables	1.9
Cash at bank and in hand	0.4
Other assets	0.1
Total assets	**8.3**
Liabilities	5.0
Deferred taxes	0.7
Total liabilities	**5.7**
Net assets	**2.6**

The company's turnover and results since the acquisition date or since 1 January 2011 were deemed to be insignificant.

Divestments

On 1 January 2011, the 50 % proportionately consolidated Mibau Group sold the shipping partnership MS "Splittnes" GmbH & Co. KG, Cadenberge, for EUR 7.7 million. The purchase price was offset against a liability of EUR 7.0 million; the remainder was paid in cash.

On 9 February 2011, HeidelbergCement disposed of its shares in the proportionately consolidated company Heidelberger Betonelemente GmbH & Co. KG, Baden-Baden, for a sales price of EUR 7.0 million, which was paid in cash.

The assets and liabilities of the companies at the time of sale are shown in the following table.

Assets and liabilities at divestiture date	
EURm	
Non-current assets	7.9
Current assets	7.2
Cash and cash equivalents	0.8
Total assets	**15.9**
Non-current liabilities	3.8
Current liabilities	4.6
Total liabilities	**8.4**

Turnover development by Group areas and business lines

January - March 2011	Cement		Aggregates		Building products		Concrete Service-Other		Intra Group eliminations		Total	
EURm	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Western-Northern Europe	296	**389**	146	**188**	85	**104**	308	**418**	-120	**-152**	715	**947**
Eastern Europe-Central Asia	108	**143**	10	**14**	0	**0**	34	**47**	-13	**-16**	139	**187**
North America	158	**159**	135	**143**	131	**144**	126	**130**	-52	**-53**	497	**523**
Asia-Pacific	344	**386**	91	**118**	6	**11**	190	**219**	-62	**-78**	568	**656**
Africa-Med. Basin	150	**179**	19	**21**	0	**0**	62	**68**	-16	**-19**	216	**250**
Group Services							143	**143**			143	**143**
Inter-Group area turnover within business lines	-1	**-2**	0	**0**	0	**0**	0	**0**			-1	**-2**
Total	1,055	**1,253**	401	**485**	222	**260**	863	**1,024**	-263	**-318**	2,278	**2,703**
Inter-Group area turnover between business lines											-98	**-101**
Continuing operations	1,055	**1,253**	401	**485**	222	**260**	863	**1,024**	-263	**-318**	2,180	**2,602**

Exchange rates

The following table contains the key exchange rates used in the conversion of the companies' individual accounts into euro.

Exchange rates		Exchange rates at reporting date		Average annual exchange rates	
EUR		31 Dec. 2010	**31 Mar. 2011**	01-03/2010	**01-03/2011**
USD	US	1.3379	**1.4167**	1.3836	**1.3695**
AUD	Australia	1.3081	**1.3716**	1.5300	**1.3618**
CAD	Canada	1.3348	**1.3744**	1.4391	**1.3497**
CNY	China	8.8173	**9.2778**	9.4464	**9.0106**
GBP	Great Britain	0.8575	**0.8836**	0.8872	**0.8543**
GEL	Georgia	2.3735	**2.4167**	2.3728	**2.4116**
GHC	Ghana	1.9608	**2.1759**	1.9902	**2.0726**
HKD	Hong Kong	10.3918	**11.0197**	10.7415	**10.6642**
IDR	Indonesia	12,029.06	**12,338.04**	12,828.68	**12,137.92**
INR	India	59.8190	**63.0920**	63.4210	**61.9078**
KZT	Kazakhstan	197.2200	**206.3000**	204.2801	**200.4664**
MYR	Malaysia	4.1252	**4.2877**	4.6593	**4.1729**
NOK	Norway	7.7920	**7.8426**	8.1041	**7.8300**
PLN	Poland	3.9630	**4.0240**	3.9816	**3.9451**
RON	Romania	4.2355	**4.1225**	4.1122	**4.2201**
RUB	Russia	40.9229	**40.2920**	41.2958	**40.0565**
SEK	Sweden	8.9834	**8.9572**	9.9422	**8.8698**
CZK	Czech Republic	25.0250	**24.5380**	25.8371	**24.3610**
HUF	Hungary	278.2300	**265.7800**	268.2658	**272.3422**
TZS	Tanzania	1,966.51	**2,130.60**	1,851.14	**2,055.54**
TRY	Turkey	2.0612	**2.1895**	2.0859	**2.1607**

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally 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. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs.

On 31 March 2011, the management conducted a new assessment, on the basis of current market data, for those CGUs for which small changes in the discount rates (WACC) could justify the recognition of impairment. The conclusion was that no impairment needed to be recognised.

Changes in estimates for provisions for pensions

The actuarial gains and losses were adjusted on the basis of the interest rates for the key countries applicable at the reporting date. The increase of around 0.4 percentage points in interest rates, particularly in Germany, the United Kingdom, Belgium, and the Netherlands, led to a decrease of approximately EUR 38.3 million in the actuarial gains and losses recognised in equity.

Related parties disclosures

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

Contingent liabilities

Since 31 December 2010, there have been no significant changes in contingent liabilities.

Events after the balance sheet date

After the balance sheet date, there were no reportable events.

Heidelberg, 5 May 2011

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.

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The Interim Financial Report January to March 2011 was published on 5 May 2011.

Financial calendar	
Half-Year Financial Report January to June 2011	29 July 2011
Interim Financial Report January to September 2011	3 November 2011
Annual General Meeting 2012	3 May 2012

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