Annual Report 2010

2010

HEIDELBERGCEMENT

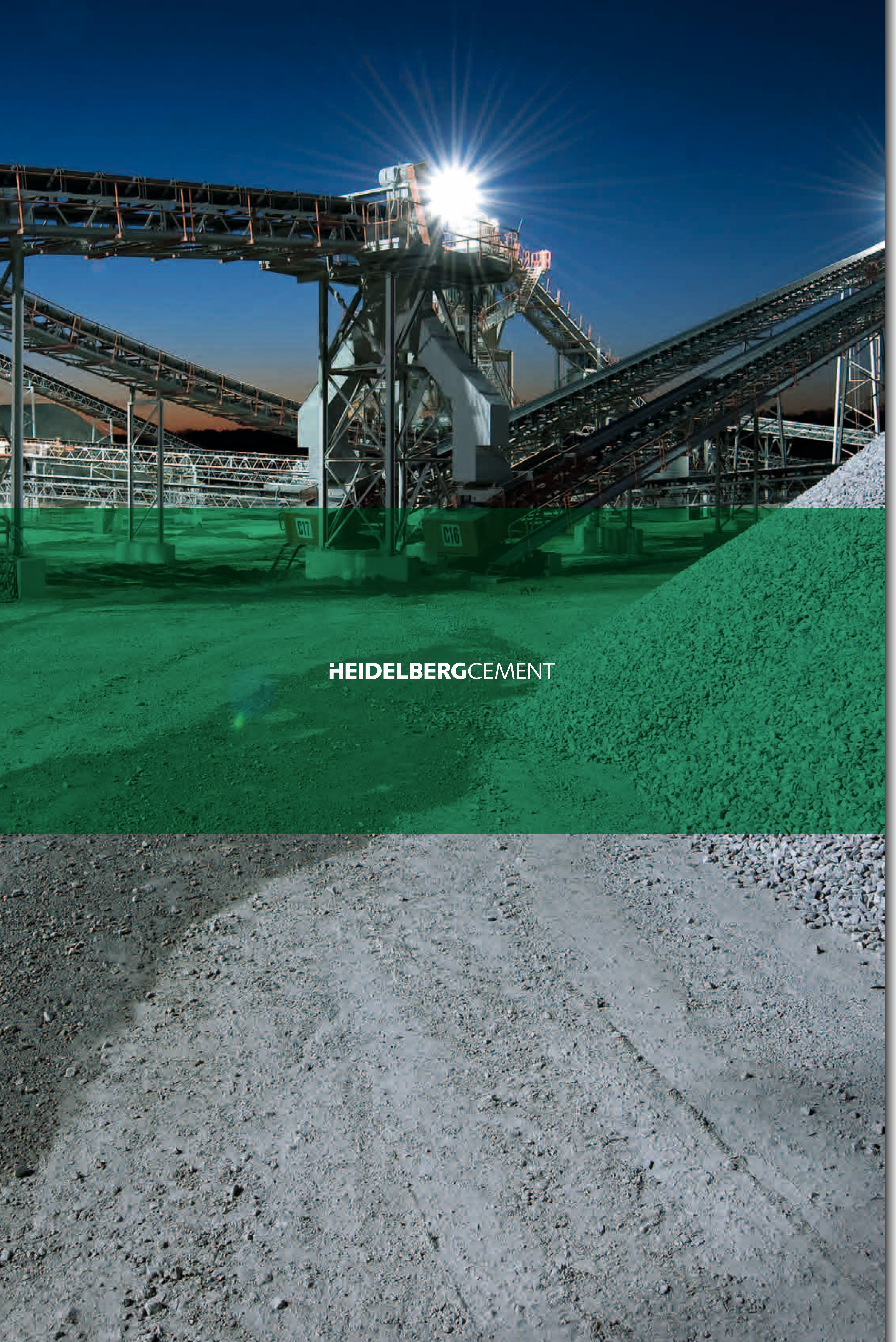
Financial highlights

Figures in EURm	2004	2005	2006	2007	2008	2009	2010
Number of employees as at 31 December	42,062	41,260	40,983	67,916	60,841	53,302	**53,437**
Sales volumes							
Cement and clinker (million tonnes)	65.2	68.4	79.7	87.9	89.0	79.3	**78.4**
Aggregates (million tonnes)	69.5	77.2	85.8	179.6	299.5	239.5	**239.7**
Asphalt (million tonnes)				4.8	12.1	10.0	**9.1**
Ready-mixed concrete (million cubic metres)	19.5	21.8	24.9	32.7	44.4	35.0	**35.0**
Profit and loss accounts							
Total Group turnover	6,929	7,803	7,997	10,862	14,187	11,117	**11,762**
Operating income before depreciation (OIBD) [1]	1,243	1,547	1,890	2,423	2,946	2,102	**2,239**
Operating income [1]	759	1,051	1,429	1,850	2,147	1,317	**1,430**
Profit/loss for the financial year	-333	471	1,026	2,119	1,920	168	**511**
Group share	-366	415	951	2,022	1,808	43	**343**
Dividend in EUR per share	0.55	1.15	1.25	1.30	0.12	0.12	**0.25** [4]
Investments							
Investment in tangible fixed assets	466	548	506	1,039	1,101	795	**734**
Investment in financial fixed assets	45	389	315	11,735	150	25	**138**
Total investment in fixed assets	511	937	821	12,774	1,251	820	**872**
Free cash flow							
Cash flow from operating activities	937	795	1,259	1,911	1,523	1,164	**1,144**
Cash flow from investing activities [2]	-309	-747	-665	-10,677	1,113	-539	**-648**
Balance sheet							
Shareholders' equity and minority interests	3,936	5,058	5,828	7,519	8,261	11,003	**12,884**
Balance sheet total	10,716	11,935	12,318	29,201	26,288	25,508	**27,377**
Net debt [3]	3,668	3,545	3,081	14,608	11,566	8,423	**8,146**
Ratios							
OIBD margin	17.9 %	19.8 %	23.6 %	22.3 %	20.8 %	18.9 %	**19.0 %**
Net debt/shareholders' equity (gearing) [3]	92.7 %	70.1 %	52.5 %	193.4 %	139.8 %	76.5 %	**62.9 %**
Net debt/OIBD [3]	2.95x	2.29x	1.63x	6.03x	3.93x	4.01x	**3.64x**
Earnings per share (EUR)	-3.64	3.74	8.22	17.11	14.55	0.30	**1.83**

1) 2004 - 2006: figures have been restated as a result of the reclassification of emission rights and pension interest (IAS 19).
2) 2004 - 2008: including decrease/increase in ownership interests in subsidiaries
3) Without adjustment to IAS 32.18 b) Puttable Minorities in the amount of EUR 96 million (2010), EUR 37 million (2009), EUR 50 million (2008), EUR 86 million (2007), EUR 106 million (2006)
4) The Managing Board and Supervisory Board will propose to the Annual General Meeting on 5 May 2011 the distribution of a cash dividend of EUR 0.25.

Overview of Group areas

Figures in EURm	2008	2009	2010
Western and Northern Europe			
Turnover	4,936	3,848	**3,811**
Operating income before depreciation	1,014	687	**683**
Investment in tangible fixed assets	357	248	**178**
Employees as at 31 December	15,770	14,640	**14,302**
Eastern Europe-Central Asia			
Turnover	2,046	1,282	**1,138**
Operating income before depreciation	718	361	**299**
Investment in tangible fixed assets	321	270	**202**
Employees as at 31 December	11,556	9,481	**9,959**
North America			
Turnover	3,958	2,892	**3,033**
Operating income before depreciation	676	340	**448**
Investment in tangible fixed assets	199	152	**146**
Employees as at 31 December	15,739	12,601	**11,899**
Asia-Pacific			
Turnover	2,177	2,211	**2,609**
Operating income before depreciation	462	612	**718**
Investment in tangible fixed assets	161	96	**174**
Employees as at 31 December	15,044	14,030	**13,682**
Africa-Mediterranean Basin			
Turnover	974	837	**938**
Operating income before depreciation	182	157	**156**
Investment in tangible fixed assets	61	28	**34**
Employees as at 31 December	2,680	2,499	**3,539**
Group Services			
Turnover	701	475	**709**
Operating income before depreciation	22	30	**20**
Investment in tangible fixed assets	2		
Employees as at 31 December	52	51	**55**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HEIDELBERGCEMENT

Global market leadership in sand and gravel, operational excellence, customer proximity, successful refinancing, performance-oriented employees: HeidelbergCement is ideally positioned for further growth and a successful future.

Review of 2010 events


1

2

3

4

5

HeidelbergCement presses ahead with loan repayment from June 2009

January – By issuing two Eurobonds to institutional investors in Germany and abroad, the company is generating proceeds of EUR 1.4 billion in total. The proceeds will be exclusively used for the repayment of the syndicated loan.

Liquidity secured until end of 2013

April – Arrangement of a new EUR 3 billion syndicated credit line with 17 banks and a term running until the end of 2013. Thus, the remaining liabilities from the credit agreement entered into with 60 banks in June 2009 will be repaid. The new credit line serves primarily as a liquidity reserve.

Full acquisition of Pioneer North Queensland in Australia (1)

May – With the acquisition of the remaining 50% in Pioneer North Queensland, HeidelbergCement secures its market position in Australia. The company operates two sand pits, two crushed rock quarries, an asphalt plant and a ready-mixed concrete facility.

Expansion of cement capacity in Africa

May – Agreement with IFC, a member of the World Bank Group, and its financial partners to promote the expansion of infrastructure in the countries in Sub-Saharan Africa by increasing local cement capacities. IFC acquires a minority interest in our African business; in return, we are expanding cement capacities in Liberia, Ghana and other countries.

HeidelbergCement joins DAX index (2)

June – HeidelbergCement is the first German company in the construction and building materials sector to be listed on the DAX. On the day of admission, the company holds position 22 with respect to market capitalisation and order book turnover.

Cement grinding capacity expanded in Indonesia (3)

August – By commissioning two new cement mills in the Cirebon production site, cement capacity of Indocement increases by 1.5 to 18.6 million tonnes. An additional cement mill is also set to be constructed at the Citeureup location, with a capacity of 2 million tonnes, by beginning of 2013.

Africa business expanded to Democratic Republic of Congo (4)

September – HeidelbergCement acquires the majority in three cement plants. One is located near the capital city of Kinshasa and the other two in the east of the country. Over the next few years, we plan to increase the cement capacity from 500,000 tonnes to more than 1.4 million tonnes.

Majority in cement plant in Russian Republic of Bashkortostan (5)

October – CJSC "Construction Materials" is located approximately 150 km south of Ufa and operates a cement plant with a capacity of 2 million tonnes and 600 employees. The modern plant is situated in the most important investment district in Russia.

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1) Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

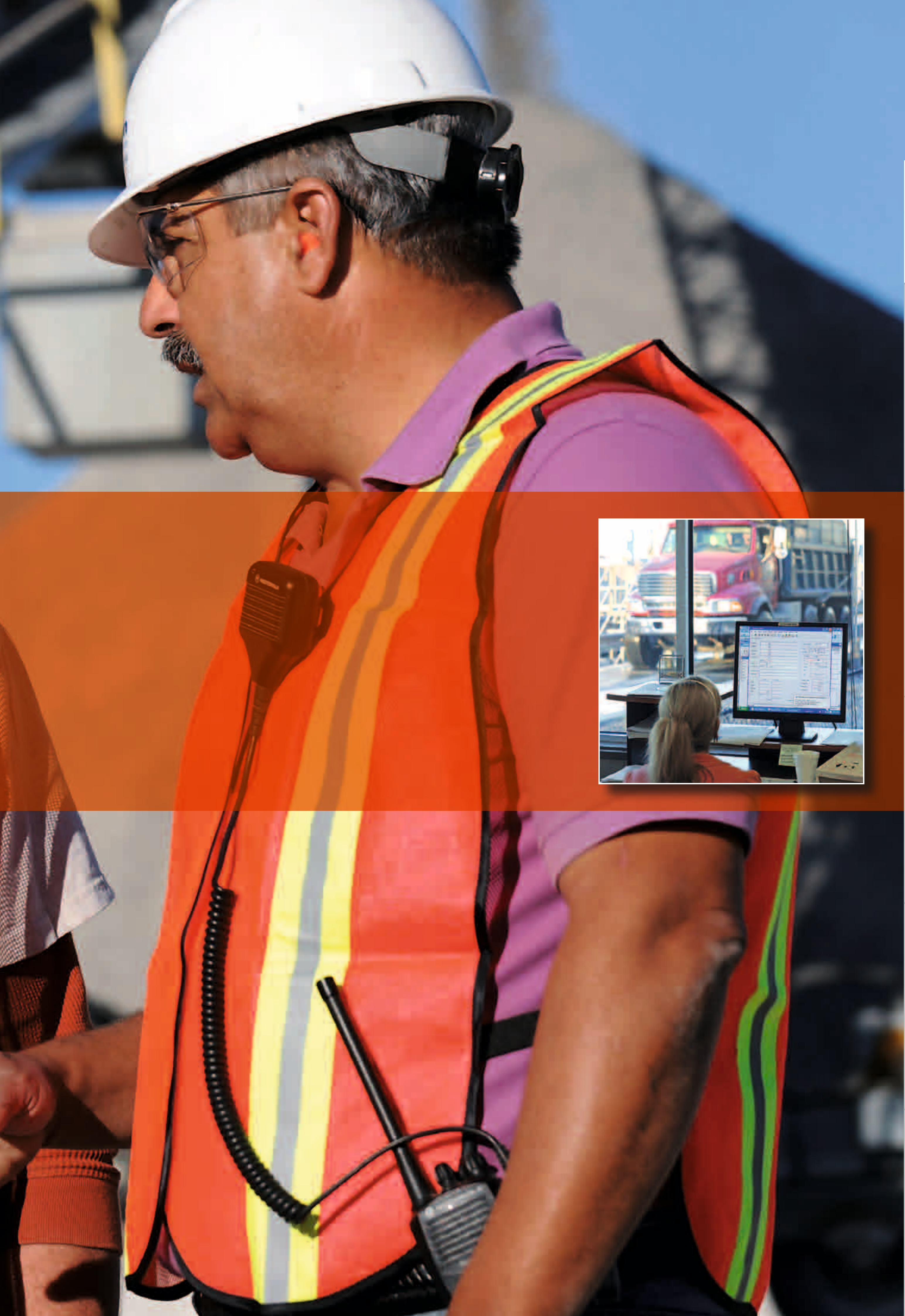
We are number one in the world for sand, gravel and crushed rock

Bridgeport aggregates plant, Texas / US

We invest in the future – cement for growing markets

Citeureup cement production site, West Java/Indonesia

We are a strong team of outstanding specialists – regionally and internationally



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Since 1873 in the market – since 2010 in the DAX


1,72%
Frankfurt
Realtime-Taxen
Indikation
49,815
0,67
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25.03.2011
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EANS Adhoc: HeidelbergCement
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15
Preisfeststellungen
Marktberichte
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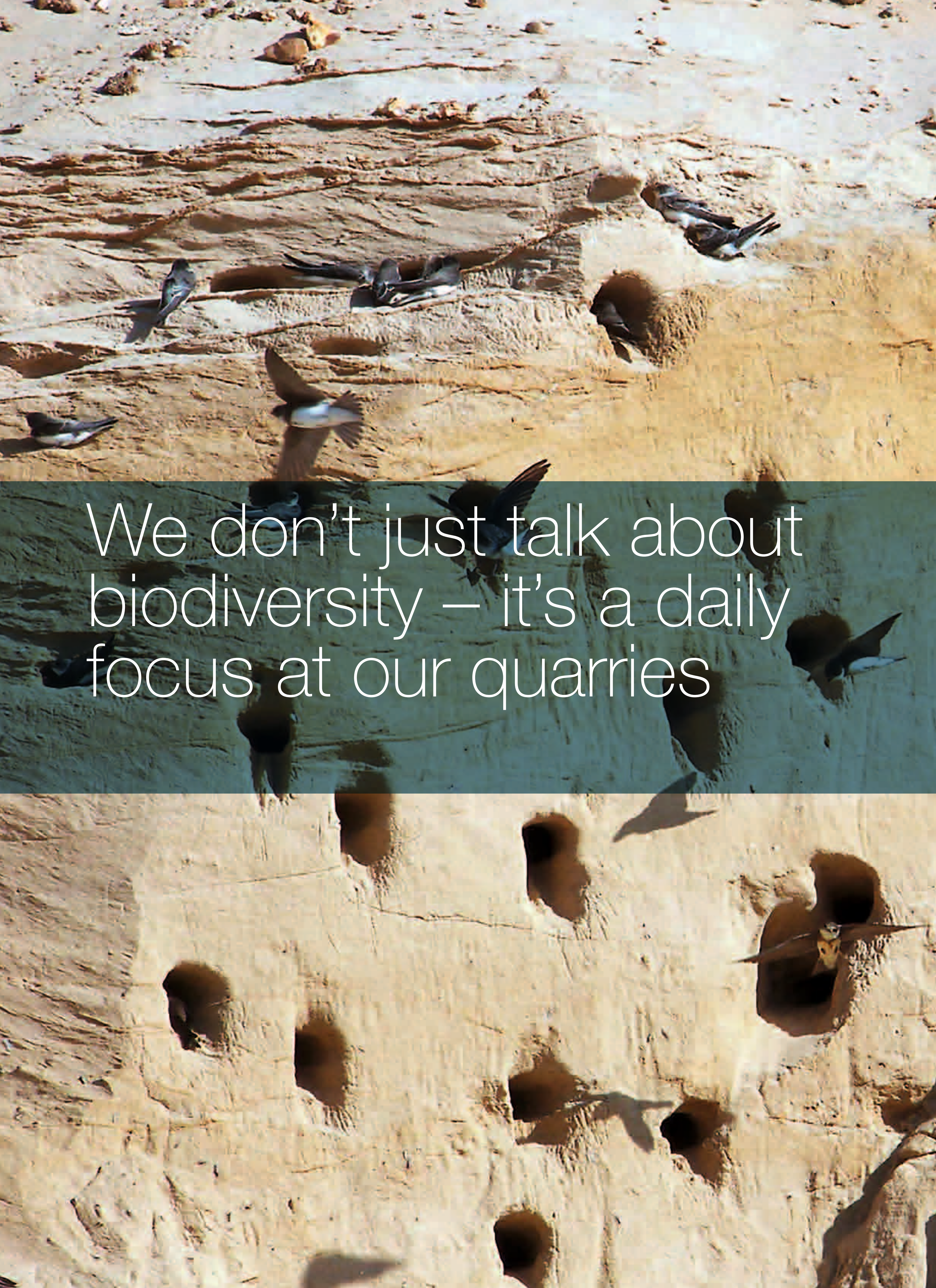
GROUP



We don't just talk about biodiversity – it's a daily focus at our quarries

Nesting holes for sand martins

Customer proximity – at all times, in every market

Frankfurt Airrail Center / Germany

To our shareholders

Letter to the shareholders

Dr. Bernd Scheifele, Chairman of the Managing Board

Dear Shareholders,
Dear Employees and Friends of HeidelbergCement,

The 2010 financial year drew to a successful close for HeidelbergCement in the face of a challenging global economic environment. Our corporate culture, characterised by consistent management, strength of implementation, cost efficiency and speed, combined with the exceptional commitment of our employees and managers was decisive in achieving this success.

Compared to its major competitors, HeidelbergCement fared well during the global economic crisis of 2009 and 2010. This is mainly thanks to cost-cutting measures, which we implemented early on – in some cases even before outbreak of the crisis. Following successful completion of the "Fitness 2009" programme with savings of more than EUR 550 million, we managed to reach more than EUR 300 million savings in the reporting year with our "FitnessPlus 2010" programme. Over the last two years, we have significantly and sustainably reduced administration and distribution costs, as well as considerably lowered repair expenses, especially in the cement business. Our location portfolio has been streamlined in the aggregates, ready-mixed concrete and concrete products business lines, and our purchasing initiatives have made significant contributions to profits

The success of these various measures is clearly evident looking at HeidelbergCement's improved earnings quality.

2010: Increased turnover, operating margin and net profit

Group turnover increased by 5.8 % to EUR 11.8 billion in 2010, supported by consistently good performance in our growing markets in Asia and Africa as well as advantageous exchange rate effects. Across the Group, sales volumes for cement and clinker, aggregates and ready-mixed concrete remained constant.

Operating income before depreciation (OIBD) rose by 6.5 % to EUR 2.24 billion. At the same time, we were one of the few companies in the industry that managed to improve the OIBD margin at Group level and in the two core business lines of cement and aggregates. Our successful cost-saving programme "FitnessPlus 2010" made a significant contribution to the improvement of this margin.

Operating income increased by 8.6 % to EUR 1.43 billion. In addition to exchange rate effects, the noticeable improvement of results in North America also played an important role in this positive development. At EUR 188 million, we managed to more than double operating income in the Group area. The significant increase in margins in the cement and aggregates businesses were key. With regard to the aggregates margin, HeidelbergCement is now amongst the best in the industry.

The most significant contribution to operating income came from the Asia-Pacific Group area with EUR 586 million. Despite a major increase in variable costs, particularly in the second half of the year, we managed to keep the OIBD margin almost constant at 27.5 %, a peak value in the industry.

We achieved another record result in Africa, increasing cement sales volumes by almost 13% to 5.2 million tonnes. Total operating income in the Africa-Mediterranean Basin Group area, however, declined slightly as a result of the continuing difficult market conditions in Spain.

Due to lower financing costs and significantly fewer goodwill impairments, we were able to more than triple profit for the financial year, which totalled EUR 511 million. As a result, earnings per share increased from EUR 0.30 to EUR 1.83.

In view of these results, the Managing Board and Supervisory Board will propose a dividend increase from EUR 0.12 per share to EUR 0.25 per share at the Annual General Meeting on 5 May 2011. This dividend proposal is still quite a way off our medium-term goal of a payout ratio between 30% and 35%. In light of the ongoing global economic uncertainties, we consider a frugal approach, in order to further reduce our debt, the better alternative for the Group and our shareholders.

Further improvement in financing structure

With the successful bond issues and arrangement of a new credit line amounting to EUR 3 billion, we substantially improved the Group's financing structure in 2010, ensuring liquidity until the end of 2013. This enabled us to reduce credit margins by more than 50% and the number of participating financial institutions to 17 core banks. Thanks to the successful cost-saving measures and consistent cash management, we also reduced our net debts by a further EUR 0.3 billion compared to last year. There is one particular figure that underlines the effectiveness of our financial management: EUR 3.5 billion free liquidity as at the balance sheet date! The rating agencies responded to the successful improvement of our financing structure with a significant rating upgrade.

Positive development of the shareholder structure – inclusion in Germany's benchmark DAX index

In June 2010, HeidelbergCement became the first ever building materials company to be included in the DAX, an index of the 30 largest listed companies in Germany.

The prerequisite for this was a free float, which increased to approximately 75% following the capital increase in the autumn of 2009. In 2010, we intensified professional communication with our significantly expanded Group of shareholders. This resulted in a further geographic diversification of our shareholder structure and noticeably increased the number of institutional investors with a long-term interest in the company. An investor survey conducted at the end of last year clearly showed that we did an exceptional job in the area of investor relations in 2010.

Another positive piece of news was that Mr Ludwig Merckle increased his shareholding in HeidelbergCement to more than 25% following successful restructuring of the Merckle Group, and thereby emphasised his ongoing pledge to our Group. The Managing Board and Supervisory Board expressly welcome Mr Ludwig Merckle's long-term commitment. Particularly in a cyclical industry such as ours, an anchor shareholder is of major importance to the Group's stability and long-term business orientation.

Thanks to our employees

2010 demanded a great deal from our employees. Their strong personal dedication and unflagging loyalty to the Group formed the foundation for us to achieve such solid operating income in 2010. I would like to express sincere thanks and appreciation on behalf of myself and my colleagues on the Managing Board. Our gratitude also goes out to the employee representatives who co-operated very closely, openly and trustingly with the Managing Board in this challenging environment for the good of the Group.

I would like to personally thank and express my utmost appreciation to our managers in the operating units and staff functions worldwide. They responded to the economic and financial crisis at an early stage, in a disciplined and very consistent manner, implementing drastic cost reductions. The significant increase in profit for the financial year, the major improvement in the financing structure and the inclusion in the DAX would not have been possible without them. Our mutual aim is clear: We want to be the best-managed company in our industry!

Strategic focal points for 2011/2012

We expect the global economy to recover further in 2011 and 2012. In light of this, we have defined three strategic focal points:

– Cost leadership through continuous efficiency improvements
– Further reduction of debt with a priority on attaining investment grade status
– Targeted investment in cement capacities in growing markets

Because HeidelbergCement operates in markets with largely standardised local products, cost leadership is decisive for success. This is why we launched the new "FOX 2013" efficiency improvement initiative at the start of the 2011 financial year, which aims to realise liquidity-related savings of EUR 600 million over the next three years. In addition to enhancing working capital and improving our purchasing conditions, our main focus is on increasing the efficiency of our 600 sand, gravel and crushed rock production sites. Following the successful pilot phase in Europe, we launched a project in March 2011 with the intention of improving our margins by optimising our products and further reducing our specific production costs. In this way, we intend to achieve our aim of making HeidelbergCement not only the largest manufacturer of aggregates in the world, but also the most profitable! Furthermore, we have initiated a programme for improving energy efficiency in the cement business line with which we intend to reduce power costs by 5 % and fuel costs by 3 %.

Our main priority is still to reduce debt with the aim of improving our creditworthiness into the investment grade range. We will therefore continue to exercise strict discipline when it comes to costs and investment decisions. With the ongoing recovery of the global economy, we are also planning on driving forward the divestment of non-core activities. These are areas that are not part of the cement, aggregates and concrete value chain, as well as smaller local investments that are of minor importance to the global market position of HeidelbergCement. The planned disposals are clearly subject to obtaining an acceptable sales price.

And finally, we will continue our strategy of targeted expansion of cement capacities in the emerging countries of Asia, Africa, Eastern Europe and Central Asia. This is not primarily a matter of acquisitions, but rather relates to expansion of production capacities and construction of new plants in markets where we already operate. For instance, at the end of May 2011, we intend to commission a new cement plant near Moscow with a capacity of around 2 million tonnes. In the Polish plant of Górazdze, we are increasing cement capacities by around 1.2 million tonnes. At our Citeureup plant in Indonesia and our Damoh and Jhansi plants in India, we will likewise expand cement capacities by 2 million tonnes and 2.9 million tonnes, respectively. Major acquisitions that would significantly increase the Group's debt are not part of the strategy.

Prospects for 2011

We expect the global economy to continue its recovery in 2011, although it will not be as strong as in 2010. We believe our important emerging countries in Asia (China, Indonesia, India) and Africa (Ghana, Tanzania) will achieve economic growth of between 5% and 9%. According to IMF forecasts, our mature markets in the US, United Kingdom, Germany, the Benelux countries, Northern Europe and Australia will continue their economic recovery in 2011 and 2012, albeit at a medium growth rate of just 2% to 3%.

On the cost side, we anticipate an increase in energy and commodity prices as well as rising inflation, particularly in emerging countries. In the mature markets, we also expect an increase in personnel costs. Our aim is to offset the rise in costs through cost-saving measures and targeted price increases as well as fuel surcharges in the individual markets.

On the basis of these assumptions, the Managing Board has set the objective of further increasing turnover and operating income. The business trend in the first two months of 2011 confirms this estimation. Thanks to our positioning in attractive markets both in emerging and industrialised countries, and our global market leadership in aggregates, HeidelbergCement is ideally positioned to benefit over-proportionally from the continued recovery of the global economy, supported by growth acceleration in North America.

Yours sincerely,

Bernd Scheifele

Dr. Bernd Scheifele
Chairman of the Managing Board

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Report of the Supervisory Board

Fritz-Jürgen Heckmann, Chairman of the Supervisory Board

Ladies and Gentlemen,

HeidelbergCement's operations in the 2010 financial year were characterised by the recovery of virtually all markets relevant for the company from the economic and financial crisis, which, in its intensity, triggered effects in the global building materials industry comparable, and partly even worse, to those of the 1929 global economic crisis. In the second half of the financial year, in particular, North America – which is important for the overall Group result – showed a pleasing trend reversal with continuously increasing sales volumes and earnings. HeidelbergCement is barely represented in the southern European countries that continue to be significantly affected by the economic and financial crisis, and the company is benefiting from its significant presence in the fast-growing regions of Asia and in the African countries south of the Sahara. Once again, the advantageous geographical footprint of the Group and the distribution of activities across mature markets in Europe and North America as well as across fast-growing regions in Asia and Africa serves as a guarantee for effectively cushioning declines in sales volumes during times of crisis in the building materials economy and, in times of its recovery, for efficiently and sustainably benefiting again from the improvement of the market conditions in a way that exceeds the average.

Following the successful refinancing in 2009, which was accompanied by a significant change in the shareholder structure, HeidelbergCement is in a financially comfortable position for the future and is well on the way to achieving key financial ratios in the Investment Grade area. As a result of the changes to the shareholder structure, the free float increased to almost 75%. In combination with the increased order book turnover in HeidelbergCement shares, this meant that HeidelbergCement was able to join the DAX on the basis of the fast-entry rule in June 2010, making it one of the leading listed companies in Germany. In addition, the successful restructuring of the Merckle group in the reporting year meant that the company could continue to be supported by an anchor shareholder - the family business run by Ludwig Merckle - who reaffirmed his enduring commitment to HeidelbergCement at the start of November 2010 by increasing his participation to more than 25%.

The Supervisory Board actively accompanied and supported the dual strategy of the Managing Board to continue its rigorous cost-cutting initiative in 2010 and maintain investment discipline, but to also be aware of potential growth opportunities in the market. The acquisitions and capacity expansions in Africa, Australia, and Eastern Europe in 2010 represent this growth and profit-oriented business policy.

Consultation and monitoring

The Supervisory Board firmly supported the aforementioned measures and co-ordinated them with the Managing Board at numerous ordinary and extraordinary meetings of the plenary session and its committees as well as through contact outside the scheduled meetings. Additionally, it received regular and detailed reports, both in writing and verbally, about the intended business policies, fundamental issues of financial, investment, and personnel planning, the progress of business, and the profitability of the company. All deviations of the actual business development from the plans were explained in detail by the Managing Board. The Managing Board co-ordinated the Group's strategic approach with the Supervisory Board. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. Investment, disinvestment and in particular financing projects requiring authorisation were presented by the Managing Board and discussed before decisions were made. The Supervisory Board is satisfied that the Managing Board has installed an effective risk management system capable of recognising at an early stage any developments that could jeopardise the survival of the company. The Supervisory Board has also had this certified by the auditor. Furthermore, it is satisfied as to the effectiveness of the compliance programme, which guarantees Group-wide compliance with the law and with internal guidelines. During this process, the Managing Board informed the Supervisory Board about the positive result of an audit on the existing Group-wide antitrust compliance system performed by a renowned law firm. The Chairman of the Supervisory Board was also in regular contact with the Chairman of the Managing Board outside the scheduled meetings. In summary, it is evident that the Supervisory Board has duly fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the German Corporate Governance Code.

Topics of discussion in the meetings of the Supervisory Board and its committees

Both the plenary session of the Supervisory Board and the Personnel Committee met five times in the reporting year, the Audit Committee three times, and the Nomination Committee once; the Arbitration Committee, formed in accordance with § 27, section 3 of the German Codetermination Law, did not need to meet. Both the Supervisory Board and the Audit Committee also held several conference calls during the reporting year. The following plenary session was informed about the results of the committees' meetings. The members of the Supervisory Board and its committees are listed in the Corporate Governance chapter on page 137 ff.

The ordinary plenary sessions in March, May, September, and November dealt, amongst other things, with the adoption of the 2009 annual accounts, preparations for the 2010 Annual General Meeting, reporting on business trends, reporting and resolutions on refinancing projects, further resolutions on Corporate Governance issues, as well as reporting on the sale of activities that were not part of the company's core business. The Supervisory Board also approved the emission of a five-year EUR 650 million Eurobond to further improve the maturity profile of liabilities and the acquisition of new activities and capacity expansions within the framework of growth-oriented company development in North America, Russia, Africa, Australia, and India.

Following the change to the allocation in the German Stock Company Act, the plenary session dealt in several meetings with the variable remuneration for the Managing Board in terms of the 2009 annual bonus and the 2008/2009 medium-term bonus. The intensive preparation work for the new Managing Board remuneration system, which came into force on 1 January 2011, was the main focus of several meetings of the plenary session and the Personnel Committee in autumn 2010. Furthermore, the Supervisory Board was regularly informed about the progress of the “FitnessPlus 2010” programme and the development of the Group's key financial ratios. The topic of energy management in the Group was also on the agenda of one of the Supervisory Board meetings. The Supervisory Board was additionally updated about the ongoing German antitrust proceedings and given a status report regarding the company joining the DAX.

Three extraordinary meetings were held in the reporting year: In the extraordinary meeting in January, the emission of Eurobonds was discussed and agreed; the extraordinary meeting in February predominantly covered the approval of the 2010 planning, the subsequent appointment of committee members, and the setting of parameters for the target bonus of the Managing Board for the 2010 financial year. In April, the new syndicated credit line was presented to and approved by the Supervisory Board.

In its meetings, the Audit Committee dealt with the 2009 annual accounts of HeidelbergCement AG and the HeidelbergCement Group and its audit focal topics, the 2009 compliance report, the quarterly and half-year reports, the preparation of the Supervisory Board proposal to the 2010 Annual General Meeting for appointing the 2010 auditor, as well as with Corporate Governance matters. After a review, the committee stated that it had at least one independent member that is considered to be an expert in the areas of accounting or auditing.

The Personnel Committee meetings covered, amongst other things, the preliminary discussion and recommendation to the Supervisory Board regarding Managing Board remuneration for 2009 and 2010, as well as the intensive discussion and preliminary preparation of the new 2011 Managing Board remuneration system.

The Nomination Committee prepared proposals for suitable candidates, which the Supervisory Board then put forward to the 2010 Annual General Meeting as shareholder representatives for by-election. Mr Alan Murray and Dr.-Ing. Herbert Lütkestratkötter, who were put forward for by-election, received wide support from the shareholders.

At 95 %, attendance at the meetings of the Supervisory Board and its committees was, as it has been in the past, pleasingly high. There were no conflicts of interest of any Supervisory Board member when dealing with topics at the Supervisory Board. There were also no consulting or other contracts for services or work between any member of the Supervisory Board and the Company.

Corporate Governance

The joint statement of compliance of the Managing Board and Supervisory Board in the reporting year was adopted and submitted on 17 March 2010, and this year's statement was submitted on 8 February 2011 by the Managing Board and 10 February 2011 by the Supervisory Board. The complete text can be found in the section Statement of compliance in accordance with § 161 of the German Stock Company Act in the Corporate Governance chapter on page 122. The statements of compliance are made permanently available to the shareholders on the company's website. In its meeting on 17 March 2010, the Supervisory Board established – amongst other things – that, in its opinion, the Supervisory Board and its Audit Committee had a sufficient number of independent members and, furthermore, that at least one independent member of the Supervisory Board and the Audit Committee had the required expertise in the areas of accounting or auditing. In the same meeting, it also discussed the company's compliance with the recommendations of the German Corporate Governance Code in the version of 18 June 2009. In addition, on 17 March 2010, the Supervisory Board decided, for reasons of capital market transparency, to abandon the company's own Corporate Governance Principles in favour of a general reference to the adopted recommendations of the German Corporate Governance Code. The Rules of Procedure for the Supervisory Board have been adjusted accordingly.

With the implementation of the German Corporate Governance Code dated 26 May 2010, the Supervisory Board approved guidelines in its extraordinary meeting on 10 February 2011 regarding the implementation of the diversity principles in the Managing Board and Supervisory Board. The Supervisory Board is fully complying with the guidelines of the Corporate Governance Code regarding the future appointment of Managing Board members and has firmly established its commitment with a corresponding amendment to its Rules of Procedure. Regarding its own composition, it welcomes the diversity goals stipulated in the German Corporate Governance Code and aims to have the largest possible pool of candidates available for the election of future Supervisory Board members. However, it abstains deliberately from setting specific diversity goals, meaning there is neither a set quota for individual candidate groups in its composition in the future, nor a set quota for the appropriate participation of women, because it will evaluate and select all potential candidates solely on the basis of their qualifications and professional experience to date. Aside from this, the Supervisory Board welcomes and supports the selection criteria for its composition set out in the Code, i.e. an appointment based on a sufficient number of independent members that fulfil one or more of the following criteria: Successful work in management positions outside the company, internationality, industry-relevant and specific knowledge in the areas of accounting or financing.

As regards the remuneration structure for the members of the Managing Board for the past financial year, details on remuneration of the Managing Board are included in the Corporate Governance chapter on page 128 ff. to avoid repetition. This chapter also includes another section containing details of the new Managing Board remuneration system discussed and passed in September and November, which came into force on 1 January 2011. The Supervisory Board believes that the new remuneration system demonstrates a balanced implementation of legal guidelines, the interests of the company and its stakeholders, and the interests of the Managing Board in ensuring fair, performance-related remuneration that is in line with market standards. The Supervisory Board consulted a renowned remuneration expert when developing the new system. The new system was then reviewed on behalf of the Supervisory Board by an independent renowned remuneration expert, which found the system to comply with the law and to be adequate to the market. The new Managing Board remuneration system shall be presented to our shareholders at the Annual General Meeting on 5 May under the agenda item „Say on Pay“ and shall be proposed for approval in accordance with § 120 of the German Stock Company Act.

As part of the implementation of the new remuneration system, all Managing Board agreements were amended and adjusted and the standardised administration of the agreements in the Supervisory Board ensured. In the course of the statutory increase of the deductibles in the D&O liability insurance for the members of the Managing Board in the new Managing Board agreements from 1 January 2011, the deductibles in the D&O liability insurance for the members of the Supervisory Board were also increased in accordance with the Code.

In its May meeting, the Supervisory Board was informed about the results of the Corporate Governance survey completed by HeidelbergCement managers. In its November meeting, it dealt with the external review of the current antitrust compliance system, which had been performed for the first time. Furthermore, an internal training event was held for the Supervisory Board in February 2011 – following last year's amendments to the Code – which covered the actual development in national and international accounting guidelines and the Corporate Governance and compliance topics relating to Supervisory Board duties. The Supervisory Board thus reaffirmed its commitment to effective Corporate Governance and Compliance in the Group.

Auditing and approval of annual accounts

Before the contract for the auditing of the annual accounts of the company and Group was awarded, the focal points for the audit, the content of the audit, and the costs were discussed in detail with the auditor, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart. In February 2011, the Managing Board informed the Supervisory Board about the interim, uncertified key figures for the 2010 financial year and provided a status report on the annual account work. The annual accounts of HeidelbergCement AG, the Group annual accounts as at 31 December 2010 and the combined management report for the company and the Group, as prepared by the Managing Board, were examined by the independent auditors. The auditors gave the accounts the unqualified confirmation. The annual accounting documents and auditors' reports were sent to the members of the Supervisory Board. At first, the Audit Committee dealt intensively with the annual accounts in the presence of the auditors. The auditors reported on the main results of their audit. Then, the Supervisory Board discussed the annual accounts in detail, once again in the presence of the auditors. The Supervisory Board approved the audit results. It examined the company and the Group annual accounts, the combined management report as well as the Managing Board's proposal for the use of net profit shown in the balance sheet. The results of the pre-audit conducted by the Audit Committee and the results of its own audit correspond fully to the results of the official auditor. The Supervisory Board raised no objections to the final results of this examination. The Supervisory Board has therefore approved the company and the Group annual accounts. The annual accounts have thus been adopted.

A dependent companies report did not have to be prepared in the reporting year due to the changes in the shareholder structure.

The Supervisory Board approved the Managing Board's proposal for the use of net profit shown in the balance sheet, including the payment of a dividend of EUR 0.25 per share.

Personnel matters

In 2010, the mandates relinquished as a result of the Schwenk Group's departure from the group of shareholders were reappointed. With the appointment of Mr Alan Murray and Dr.-Ing. Herbert Lütkestratkötter, HeidelbergCement gained two international managers with industry knowledge, who bring expertise and dedication to the operation of the Supervisory Board. The mandates that became vacant in the committees were subsequently filled from the group of acting Supervisory Board members in the first Supervisory Board meeting attended in person in the reporting year. In its meeting on 10 February 2011, the Supervisory Board followed the recommendation made by the Personnel Committee and extended the Managing Board mandates for Mr Daniel Gauthier and Mr Andreas Kern by five years each, until 30 June 2016. The Supervisory Board would like to combine this extension with its thanks and appreciation for the very successful work Mr Gauthier has performed in the regions of Northern and Western Europe, Africa, the Mediterranean, and Group Services, and likewise that of Mr Kern in the Central Europe-Central Asia region.

The Supervisory Board would finally like to thank the Group's management and all the employees of the Group for their high level of personal dedication during 2010. Their performance in consolidating and further developing the Group under the still difficult economic conditions in the building materials industry has been quite outstanding.

Heidelberg, 16 March 2011

On behalf of the Supervisory Board

Yours sincerely,

Fritz-Jürgen Heckmann

Chairman

Managing Board

Andreas Kern, Daniel Gauthier,
Dr. Bernd Scheifele (Chairman),
Dr. Lorenz Näger, Dr. Albert Scheuer,
Dr. Dominik von Achten (from left to right)

Dr. Bernd Scheifele

Born in Freiburg (Germany), aged 52 years. Studies in law at the universities of Freiburg, Dijon (France) and the University of Illinois (US). Since 2005, Chairman of the Managing Board; in charge of Strategy and Development, Communication & Investor Relations, Human Resources, Legal, Compliance and Internal Audit.

Dr. Dominik von Achten

Born in Munich (Germany), aged 45 years. Studies in law and economics at the German universities of Freiburg and Munich. Member of the Managing Board since 2007; in charge of the North America Group area, Purchasing and worldwide coordination of the Competence Center Materials.

Daniel Gauthier

Born in Charleroi (Belgium), aged 54 years. Studies in mining engineering at Mons (Belgium). Since 1982 at CBR, the Belgian subsidiary of HeidelbergCement. Member of the Managing Board since 2000; in charge of the Group areas Western and Northern Europe (without Germany), Africa-Mediterranean Basin and Group Services as well as Environmental Sustainability.

Andreas Kern

Born in Neckarsteinach (Germany), aged 52 years. Studies in business administration at Mannheim (Germany). Since 1983 at HeidelbergCement. Member of the Managing Board since 2000; in charge of the Eastern Europe-Central Asia Group area and Germany, Sales and Marketing and worldwide coordination of secondary cementitious materials.

Dr. Lorenz Näger

Born in Ravensburg (Germany), aged 50 years. Studies in business administration at the German universities Regensburg and Mannheim and in Swansea (UK). Since 2004, member of the Managing Board; in charge of Finance, Group Accounting, Controlling, Taxes, Insurance & Risk Management, IT, Shared Service Center and Logistics.

Dr. Albert Scheuer

Born in Alsfeld (Germany), aged 53 years. Studies in mechanical engineering/process technology at Clausthal (Germany). Since 1992 at HeidelbergCement. Member of the Managing Board since 2007; in charge of the Asia-Pacific Group area and worldwide coordination of Heidelberg Technology Center.

HeidelbergCement in the capital market

Overview

In Germany, the HeidelbergCement share is listed for trading on the Prime Standard stock market segment of the Frankfurt Stock Exchange and on the Regulated Market of the Stuttgart, Dusseldorf, and Munich stock exchanges. On 21 June 2010, the HeidelbergCement share was promoted to the German benchmark index, DAX. HeidelbergCement was the first company in the construction and building materials industry to be recognised as one of the 30 largest listed companies in Germany.

Our share ranks among the most important building materials shares in Europe: Besides the DAX, it is also included in other indices, such as the DAXsector All Construction Index, the MSCI World Construction Materials Index, and the Dow Jones Sector Titans Construction & Materials Index, which comprises the 30 largest construction shares and second-tier stocks in the world.

Development of the HeidelbergCement share

Driven by the expectation of a rapid global economic recovery, particularly in view of the economic and infrastructure projects in the US, the HeidelbergCement share price reached its highest level in 2010 on 11 January with EUR 51.36.

A slower than expected economic recovery in the US and a long, extremely snowy winter in North America and Europe led to share price reductions and inconsistent share performance in the following months.

After disappointing US economic data in the summer, the price of our share reached its lowest point on 25 August with EUR 31.40. In the ensuing months, the economic indicators improved, particularly in the US, and the price of our share recovered significantly. In November, the publication of our results for the third quarter, which were received positively by the capital markets, was largely responsible for a more substantial rise in the share price and a continuation of the positive trend. The HeidelbergCement share closed at EUR 46.90 at the end of 2010.

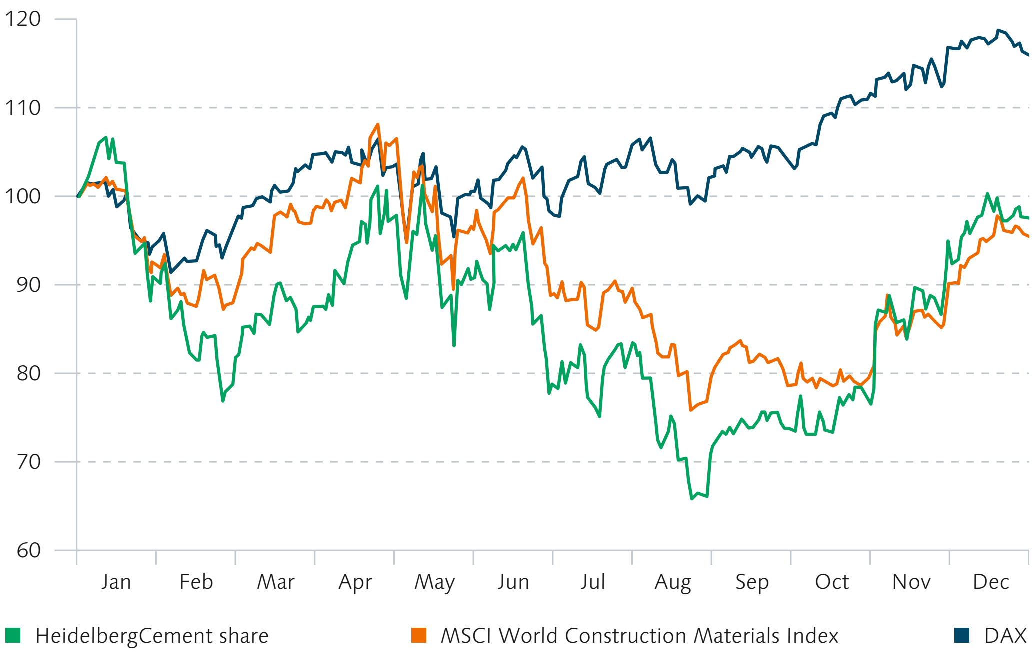
Overall, the price of our share could not make up the ground lost during the first half of the year and fell by 2.5 %, while the DAX rose by 16.1 %, supported by the automotive industry's strong export figures. The HeidelbergCement share developed more positively in comparison with the worldwide sector index, the MSCI World Construction Materials Index, which weakened by 4.5 %. At the end of 2010, HeidelbergCement's market capitalisation amounted to EUR 8.8 billion, slightly below the previous year's value (EUR 9.0 billion).

Development of the HeidelbergCement share (ISIN DE0006047004, WKN 604700) [1]

EUR	2010
Year-end share price 2009	48.10
Highest share price	51.36
Lowest share price	31.40
Year-end share prices 2010	46.90
Shareholders' equity per share on 31 Dec. 2010	68.72
Market value on 31 Dec. 2010 (EUR '000s)	8,793,750
Change compared with 31 Dec. 2009	
HeidelbergCement share	-2.5 %
DAX	+16.1 %
MSCI World Construction Materials Index	-4.5 %

1) Share prices adjusted for corporate actions

HeidelbergCement share 2010 [1] Index (Base: 31 December 2009 = 100)



1) Share prices adjusted for corporate actions

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1 To our shareholders
2 Combined management report
3 Corporate Governance
4 HeidelbergCement annual accounts
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Earnings per share

Earnings per share in accordance with IAS 33 for the 2010 financial year were EUR 1.83 (previous year: 0.30). For continuing operations, earnings per share amount to EUR 1.98 (previous year: 0.36).

The calculation of the earnings per share in accordance with IAS 33 is shown in the following table. To determine the average number of shares, additions were weighted in proportion to time. Further comments are provided in the Notes under item 13.

Earnings per share according to International Financial Reporting Standards (IAS 33)

EURm	2009	2010
Group share of profit	42.6	**342.7**
Number of shares in '000s (weighted average)	142,170	**187,500**
Earnings per share in EUR	0.30	**1.83**
Net income from continuing operations – attributable to the parent entity	50.6	**371.1**
Earnings per share in EUR – continuing operations	0.36	**1.98**
Net loss from discontinued operations – attributable to the parent entity	-8.0	**-28.4**
Loss per share in EUR – discontinued operations	-0.06	**-0.15**

Dividend

In view of the development of results, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 5 May 2011 the distribution of a dividend of EUR 0.25 per HeidelbergCement share.

Shareholder structure and trading volume

A shareholder study conducted in December 2010 showed a significant change in HeidelbergCement's shareholder structure since the capital increase in autumn 2009. We were able to increase the proportion of institutional investors from Germany and continental Europe considerably; in contrast, the proportion of British investors, particularly hedge fund investors, decreased.

At the start of December 2010, investors from Germany formed the largest investor group at 32 %, followed by investors from North America at 24 %, the United Kingdom and Ireland at 18 % and continental Europe excluding Germany at 17 %.

As at 31 December 2010, the free float amounted to 74.89 %. According to information available to the company, Mr Ludwig Merckle now holds 25.11 % of the shares.

On average, around 1.1 million HeidelbergCement shares are traded per day in Xetra trading on the Frankfurt Stock Exchange. In the "Ranking Equity Indices" published by Deutsche Börse, our share was in place 26 at the end of 2010 for the free float market capitalisation criterion and in place 22 for order book turnover.

Geographical distribution of shareholders (as of December 2010)

- 32% Germany
- 24% North America
- 18% United Kingdom & Republic of Ireland
- 17% Continental Europe (without Germany)
- 9% Rest of the world, retail investors and unknown

Shareholder structure

	31 Dec. 2010
Ludwig Merckle, Ulm/Germany (4 November 2010)	**25.11%**
Free float	**74.89%**
Comprising:	
BlackRock, Inc., New York/US [1] (6 September 2010)	**5.48%**
FMR LLC, Boston/US [1] (24 August 2010)	**4.86%**
Arnhold and S. Bleichroeder Holdings, Inc., New York/US (via First Eagle Investment Management, LLC, New York/US) [1] (20 May 2010)	**3.12%**

1) Attribution in accordance with § 22 section 1 sentence 1 no. 6 of the German Securities Trading Law (Wertpapierhandelsgesetz)
In brackets: date on which percentage exceeded or fell below a reporting threshold

HeidelbergCement AG share capital

	Share capital EUR '000s	Number of shares
1 January 2010	562,500	187,500,000
31 December 2010	**562,500**	**187,500,000**

Bonds and credit ratings

In the 2010 financial year, HeidelbergCement issued Eurobonds totalling EUR 2.05 billion to institutional investors in Germany and abroad. As early as January, we were able to place two Eurobonds with a total issue volume of EUR 1.4 billion: one bond of EUR 650 million with a term of five years and a second of EUR 750 million with a term of ten years. The proceeds from the issue were exclusively used for the partial repayment of the syndicated loan from June 2009.

For long-term borrowing in the capital market, HeidelbergCement has issued a EUR 10 billion European Medium Term Note (EMTN) programme. Under this programme, we issued a further Eurobond on 1 July with an issue volume of EUR 650 million with a term ending on 15 December 2015. The proceeds from the issue of the bond were used to further improve our maturity profile.

The bonds are unsecured and rank pari passu with all other capital market debt. Further information on the bonds issued by HeidelbergCement can be found in the Group financial management section on page. 71 ff.

HeidelbergCement's credit quality is assessed by the leading international rating agencies Standard & Poor's, Moody's Investors Service, and Fitch Ratings. The successful refinancing measures in the 2010 financial year resulted in our credit rating being further upgraded by the rating agencies. The ratings are "BB-/B/Outlook Positive" from Standard & Poor's, "Ba2/Not Prime/Outlook Positive" from Moody's Investors Service, and "BB/B/Outlook Stable" from Fitch Ratings.

Investor Relations

In 2010, we strengthened our investor relations team by appointing an additional IR manager and were thus able to further intensify our investor relations work and align the activities with primarily regional focuses.

At the forefront of the investor relations work was the stabilisation of the shareholder structure following the capital increase together with a placement of existing shares in 2009. By directly addressing institutional investors through visits and conferences, particularly in Germany and continental Europe but also in the capital market centers in the US and London, we succeeded in diversifying the shareholder base further and attracting well-known institutional investors as shareholders.

In May 2010, a total of around 50 analysts and investors responded to an invitation to come to our Group headquarters in Heidelberg for an analysts' and investors' day. We used this event to present the Group and its strategy in detail and to further deepen the relationships with our analysts and investors. The presentations shown during this event and at visits and conferences are available on the Internet. Through discussions with analysts, we supported coverage by additional banks. The number of analysts regularly reporting on HeidelbergCement has risen to 27 since the publication of the last annual report.

As in the previous year, we conducted a survey among selected international investors and analysts at the end of 2010 to determine their opinions and expectations of our Group, and also asked them to assess the performance of the investor relations team. Once again, the results are being incorporated into the ongoing development of our investor relations work this year, with the aim of successfully continuing open dialogue and transparent communication with the capital market and further strengthening trust in our Group and our share.

Contact us:

HeidelbergCement AG
Group Communication & Investor Relations
Berliner Strasse 6
69120 Heidelberg
Germany

Phone:

Institutional investors US and UK (Mr Ozan Kacar):	+49 6221 481-925
Institutional investors EU and rest of the world (Mr Steffen Schebesta):	+49 6221 481-9568
Private investors (Mr Günter Wesch):	+49 6221 481-256
Department Head (Mr Andreas Schaller):	+49 6221 481-249
Fax:	+49 6221 481 217
E-mail:	ir-info@heidelbergcement.com

Combined management report of Heidelberg-Cement Group and HeidelbergCement AG

Core activities and organisational structure

HeidelbergCement operates on five continents as a fully integrated building materials company. Our core activities include the production and distribution of cement and aggregates, the two essential raw materials for the manufacture of concrete. We supplement our product range with downstream activities, such as ready-mixed concrete, concrete products and concrete elements, as well as other related products and services.

Organisational structure of the Group areas and business lines

HEIDELBERGCEMENT

Western and Northern Europe	Eastern Europe-Central Asia	North America	Asia-Pacific	Africa-Mediterranean Basin	Group Services
Belgium Denmark Estonia Germany[1] Latvia Lithuania Netherlands Norway Sweden Switzerland United Kingdom	Bosnia-Herzegovina Croatia Czech Republic Georgia Hungary Kazakhstan Poland Romania Russia Slovak Republic Ukraine	US Canada	Bangladesh Brunei China India Indonesia Malaysia Singapore Australia	Benin DR Congo Gabon Ghana Liberia Sierra Leone Tanzania Togo Israel Spain Turkey	
- Cement - Aggregates - Building products - Concrete-service-other	- Cement - Aggregates - Concrete-service-other	- Cement - Aggregates - Building products - Concrete-service-other	- Cement - Aggregates - Building products - Concrete-service-other	- Cement - Aggregates - Concrete-service-other	

1) Germany, as a mature market, is reported on as part of the Western and Northern Europe Group area. For management reasons, however, the country belongs to the area of responsibility of the same Managing Board member who is in charge of Eastern Europe-Central Asia.

HeidelbergCement reorganised its structure at the beginning of 2010 by dividing the Group into five geographical Group areas: Western and Northern Europe, Eastern Europe-Central Asia, North America, Asia-Pacific and Africa-Mediterranean Basin (see organisation chart for breakdown of countries). Our global trading activities are pooled together in the sixth Group area, which is Group Services. Within the geographical Group areas, we have divided our activities into four business lines: cement, aggregates, building products, and concrete-service-other. In Asia-Pacific, however, building products are only represented to a below-average extent, and in the Eastern Europe-Central Asia and Africa-Mediterranean Basin Group areas, they are not represented at all.

Strategy, management control and targets

Strategy

Dual growth strategy

Cement and aggregates form the basis of our dual resource and growth strategy. In cement, the focus is on growth markets, whereas we concentrate on vertical integration and securing resource access for aggregates in mature markets. The focus is on pockets of growth characterised by higher rates of expansion than their surrounding regions. The expansion can be achieved organically, through partnerships or acquisitions.

Performance culture and local responsibility

An excellent management team and dedicated, qualified employees are the source of our business success. As a company with a focus on performance and results, we greatly value the competence of our employees and management. The focus is on comprehensive efficiency and clear customer-orientation. HeidelbergCement pursues an integrated management approach, the success of which is based on a balance between local operational responsibility, Group-wide standards and global leadership. Our local operations are key for the success of our business. Local management bears full responsibility for production, market and management development, with the aim of market and cost leadership. They are supported by nationwide shared service centers, which handle administration for all business lines on the basis of a standardised IT infrastructure. In order to ensure transparency, efficiency and rapid implementation of measures throughout the Group, HeidelbergCement has standardised all important management processes. Group-wide, uniform KPIs facilitate direct comparability and provide a foundation for continual benchmarking.

Cost leadership and benchmarking

In a market with largely standardised products, cost leadership is a key factor for success. In addition to our consistent focus on cost cutting programmes, emphasis is placed on continual improvement of operational performance at individual production sites through intensive benchmarking. When it comes to investment, we also aim to keep costs as low as possible through a combination of HeidelbergCement engineering and low-cost suppliers worldwide for machines, equipment and services.

Sustainability assures long-term commercial success

We build our long-term success on sustainable business practices. This includes securing access to raw materials reserves with adequate productive lifetimes and introducing innovative production processes. Together with development of new products, this leads to emission reductions and conservation-oriented handling of our raw materials base. HeidelbergCement is also active in the promotion of biodiversity at its extraction sites, through targeted implementation of biodiversity management plans.

Financing strategy

For information on financial management-related targets and policies, please refer to the section Group financial management on page 70 ff.

Internal management control and targets

The internal management control system at HeidelbergCement is based primarily on annual operational planning, ongoing management accounting and control, quarterly management meetings, central coordination of investment processes, as well as regular Managing Board meetings and reporting to the Supervisory Board.

Annual planning takes place as part of so-called top-down/bottom-up planning, under which the Managing Board defines a top-down budget from which it derives specific targets for individual operating units. These specific targets are used as the basis of detailed planning for the individual units and setting of targets with local managers. The individual operational plans created by the operating units are then consolidated centrally to a final Group-wide plan.

Ongoing management accounting and control of the company is carried out using a comprehensive system of standardised reports on the Group's net assets, financial position and results of operations. The indicators used for this purpose are determined and presented uniformly throughout the Group. Reports on financial status and selected sales volumes and production overviews are prepared weekly, whereas reporting on results of operations and developments in working capital occurs monthly. Detailed reports on assets position are submitted at the end of each quarter. At the quarterly management meetings, the Management Board and country managers discuss business developments, including target achievement, along with the outlook for the relevant year and any measures that need to be taken.

Central functions in the areas of strategy, finance and technology follow a formalised process to review and assess all major investments and acquisitions. This ensures comparability between different projects and consistent high quality in investment decision making. Investments in expansion are assessed using a discounted cash flow (DCF) model. The standard is that investment projects must generate at least enough income to cover their weighted average cost of capital (WACC). This long-term approach to investment returns is supported by simulated calculations that show the impact of an investment on the profit and loss accounts, cash flow statement, balance sheet and taxes over a period of five years.

Since markets can be subject to significantly greater volatility over the course of the planning period than can be anticipated for the calculation of the financial models, the financial analysis process is complemented by a strategic analysis of the planned investments. Here, the strategic value of an investment is determined taking into account the expected market position, growth potential, synergies with other Group units and the risk structure. The overall result of these analyses is the criterion by which the Managing Board makes its investment decisions.

Financial targets and management indicators

Earnings, capital expenditure and return on capital

The most important short-term indicator of the company's earnings strength is operating income, which is determined in detail and analysed for all operating units. The decisive indicator at Group level is Group share of profit. The financial and assets positions of the operating units are monitored short-term primarily via the amount of working capital and investment. Fixed targets are agreed with all operating units for each indicator.

The company uses return on capital employed (ROCE) at operational level and return on invested capital (ROIC) on strategic level for medium-term management control and capital allocation. ROCE is calculated as the ratio of invested capital to EBIT (earnings before interest and taxes). Taxes and goodwill are not taken into account for calculation. These are strategic-level indicators, and are therefore taken into account for determination of ROIC. Strategic management and capital allocation are based on ROIC, which is defined as the ratio of earnings before interest but after tax to the sum of shareholders' equity and interest-bearing liabilities.

The target is generation of ROCE between 19% and 20% and ROIC at least equivalent to weighted average cost of capital (WACC). HeidelbergCement's weighted WACC totalled 7.8% at the end of the reporting year, and ranged between 6.5% and 18.9% in the individual countries. In 2010, the low point of the construction cycle, targets were not reached in all Group areas.

Financing structure

The return to an investment grade rating is HeidelbergCement's stated goal, in order to ensure favourable conditions for financing of the Group's further development. To achieve this goal, we are focussing on financial indicators which the rating agencies consider as necessary for a stable investment grade rating. An important indicator is the dynamic debt ratio, i.e. the ratio of net debt to operating income before depreciation, which we intend to lower to less than 2.8x. By the end of 2010, we had succeeded in lowering this ratio to 3.6x, as compared to 4.0x at the end of 2009.

Non-financial targets and sustainable performance indicators

Further information on non-financial performance figures is available in the chapters Sustainability, Employees and Social Responsibility, and Environmental precaution.

2010 business trend

Economic environment

General economic conditions

2010 was marked by a return to economic growth in most industrialised countries, further acceleration of growth in emerging countries, and ultimately also by the rise in inflation and, in particular, in raw material prices as of the middle of the year.

In the battle against the economic crisis, central banks in the US and Europe systematically pursued their low interest rate policy and supported the banking sector by purchasing debt instruments with a high probability of default. Driven by further increases in the demand for investment and consumer goods – particularly in the growth regions of Asia – considerable progress could be made in industrial production, especially in the export countries, and part of the loss incurred in the crisis year was made up. Consumer spending also increased worldwide as a result of the low interest rate and the improvement of economic prospects. According to IMF, global economy grew by 5.0 % in 2010, following a decline of 0.6 % in the previous year.

Real GDP growth rate in important Group countries [1]

in %	2009	2010 [2]	in %	2009	2010 [2]
Western and Northern Europe			**Asia-Pacific**		
Belgium	-2.8	**2**	Australia	1.3	**2.7**
Germany	-4.7	**3.6**	Bangladesh	5.6	**5.8**
Netherlands	-3.9	**1.7**	China	9.1	**10.3**
Norway	-1.3	**0.4**	India	5.8	**9.8**
Sweden	-5.3	**5.2**	Indonesia	4.6	**6.1**
UK	-5	**1.4**	Malaysia	-1.7	**7.5**
Eastern Europe-Central Asia			**Africa-Mediterranean Basin**		
Czech Republic	-4	**2.4**	DR Congo	2.8	**5.4**
Hungary	-6.5	**0.8**	Ghana	4.1	**5**
Kazakhstan	1.2	**7**	Tanzania	6	**6.5**
Poland	1.7	**3.8**	Togo	3.1	**3.3**
Romania	-7.1	**-1.9**	Israel	0.8	**3.8**
Russia	-7.9	**4**	Spain	-3.7	**-0.1**
Ukraine	-15.1	**4.4**	Turkey	-4.7	**8**
North America					
US	-2.6	**2.8**			
Canada	-2.5	**2.9**			

1) Source: Deutsche Bank Research and Deutsche Bank Global Markets
2) 2010 values are based on estimations and forecasts.

The increased demand for raw materials and energy in the emerging countries and the concerns about inflationary trends led to an increase in prices for raw materials, precious metals, and energy as of mid-2010. This trend was reinforced at the end of 2010 and early 2011 as a result of the floods in Australia and the unrest in North Africa. As a reaction to the significantly improved economic growth, some countries already responded with interest rate rises in 2010.

Industry-specific conditions

General economic recovery varied in the different economic sectors. While the automotive, chemical, and steel industry benefited from strong demand in Asia, construction industry development in industrialised countries was only below average. In Germany, for example, construction investments increased by 2.8 % against 2009, compared with a 3.6 % rise in the gross domestic product. In the US, the national cement association PCA anticipates a 2.8 % rise in economic output for 2010, but a decline of 7.1 % in construction investments. In Asia, on the other hand, construction activity continued to increase. In Indonesia, our largest Asian market, for example, demand for cement grew by 6.2 % at a similar rate to the gross domestic product, which increased by 6.1 %.

Demand for building materials depends on the development of construction investments. Weak construction activity in most industrialised countries in 2010 resulted, amongst other things, from late-cycle investment in commercial construction. With the economic recovery, office, storage, and sales spaces vacant as a result of the crisis have to be filled before companies are ready to build and expand. In the US, the PCA anticipates a decline of more than 30 % in commercial construction in 2010. In Germany, commercial construction fell by 0.2 % despite the significant recovery of the economy.

Furthermore, some industrialised countries, particularly the US and Spain, suffer from a high surplus of residential property, which affects negatively house and apartment prices. High unemployment also affects the demand for houses and apartments. In 2010, however, residential construction investments in many industrialised countries reached their lowest point and are now again showing initial signs of recovery. In Germany, residential construction permits increased by 8 % in the first eleven months of 2010, compared with 2009. After a sharp decline of 25 % in residential construction in the US in 2009, the PCA anticipates a slight increase of 2.9 % for 2010.

In the area of public construction and infrastructure, demand for building materials improved in some countries in 2010 – for example, the US, Germany and China – as a result of state-funded infrastructural measures. Part of the decline in demand could be counterbalanced by these additional projects.

Like the construction industry, building materials markets also showed fairly inconsistent trends. In 2010, global cement consumption rose by around 8 %. However, excluding China – responsible for more than half the world's cement consumption – it only rose by around 3 %. The strong increases in some emerging countries were offset by far lower growth rates in the industrialised countries. In China, for example, cement consumption probably rose considerably by more than 10 %; Indonesia and India recorded higher demand of around 6 %. In contrast, in the US, cement consumption remained the same as the year before. While cement demand in the United Kingdom was up around 4 % following the significant decline the previous year, in Germany, it fell once again by 3 %.

Development of turnover and sales volumes

The business figures for 2010 have shown continuous improvement compared with the previous year. They reflect the sustained positive development in HeidelbergCement's growing markets, such as Africa and Asia, and the recovery now underway in the industrial countries of North America and Europe after the crisis passed through its lowest point in 2010. Group turnover increased overall by 5.8 % to EUR 11,762 million (previous year: 11,117). Positive exchange rate effects of EUR 783 million contributed to this increase in all Group areas. Around fifty percent stem from the Asia-Pacific Group area, where all currencies – particularly the Australian, Indonesian, and Indian currencies – were stronger than the euro. The same also applies for the US and Canadian dollar, the Swedish krona, Norwegian krone, and the British pound, which made a significant contribution to positive exchange rate effects in North America as well as Western and Northern Europe. Excluding exchange rate and consolidation effects, turnover remained at approximately the same level as the previous year.

In 2010, cement and clinker sales volumes fell slightly by 1.2 % in comparison with the previous year to 78.4 million tonnes (previous year: 79.3); excluding consolidation effects, the decline amounted to 0.4 %. While cement volumes increased in the Asia-Pacific Group area and particularly in Africa, we had to accept losses in Europe and Central Asia. Cement deliveries in North America were just below the previous year's level.

At 239.7 million tonnes (previous year: 239.5), we sold slightly more aggregates Group-wide in 2010 than we did the year before. The increase in North America was particularly pleasing. While demand in the Group areas Asia-Pacific and Western and Northern Europe was almost as high in the reporting year as it was in 2009, it declined in the Eastern Europe-Central Asia Group area. High volume losses in Spain also lowered the total aggregates sales volumes of the Africa-Mediterranean Basin Group area.

Asphalt sales volumes fell by 9.4 % to 9.1 million tonnes (previous year: 10.0). Without taking into account the deconsolidation effects from the sale of the asphalt activities in Australia in 2009, the decline amounted to 6.2 %. With the exception of North America, shipments declined in the other Group areas where we conduct asphalt activities.

At 35 million cubic metres, our ready-mixed concrete sales volumes were the same as the previous year. Excluding consolidation effects, there was a slight improvement of 0.7 %. The highest growth in sales volumes was achieved in the Africa-Mediterranean Basin Group area, followed by Asia-Pacific. Volumes declined in Western and Northern Europe, Eastern Europe-Central Asia and in North America.

Sales volumes

	2009	2010
Cement and clinker (million tonnes)	79.3	**78.4**
Aggregates (million tonnes)	239.5	**239.7**
Asphalt (million tonnes)	10.0	**9.1**
Ready-mixed concrete (million cubic metres)	35.0	**35.0**

Earnings position

The earnings position of HeidelbergCement improved in 2010 compared with the previous year. On the market side, the continuing positive development in our growth markets in Asia and Africa as well as the recovery in North America and parts of Western and Northern Europe contributed to this improvement and were able to offset a further decline in the earnings position of Eastern Europe and the Mediterranean Basin. The strengthening of major currencies against the euro was also positively reflected in the earnings figures, as was the successful implementation of the Group-wide initiatives concerning cost reduction and efficiency improvements.

Operating income before depreciation (OIBD) improved by 6.5 % to EUR 2,239 million (previous year: 2,102). The OIBD margin rose slightly to 19.0 % (previous year: 18.9 %). The cost-saving programme "FitnessPlus 2010" was successfully completed and achieved cost savings of more than EUR 300 million. Combined with a positive exchange rate effect of EUR 162 million, the cost-saving measures were able to overcompensate the effects of increasing material and energy costs as well as the negative consequences of the prolonged winter in the first quarter of 2010 and the early, extremely harsh onset of winter in the fourth quarter of 2010.

Material costs increased disproportionately by 12.1 % to EUR 4,731 million (previous year: 4,220) in comparison with turnover. This is essentially due to the increase of EUR 122 million (+10.9 %) in energy costs as well as the EUR 181 million increase (+37.9 %) in expenses for goods purchased for resale, resulting from the expansion of trading activities.

Personnel costs only rose slightly by EUR 45 million to EUR 2,086 million (previous year: 2,041). The increase of 2.2 % in comparison with the previous year is essentially due to exchange rate effects. Adjusted, personnel costs showed a slight decline. The number of employees had marginally risen by the end of 2010 to 53,437 (previous year: 53,302); this is essentially due to two contrary trends, one being the location optimisations and capacity adjustments linked with job cuts, particularly in North America and the United Kingdom, and the other being the increase in the number of employees in Eastern Europe and Africa because of the expansion of cement activities in Russia and the Democratic Republic of Congo. The 10.3 % rise in other operating income to EUR 454 million (previous year: 412) is primarily attributable to the proceeds included in the book profits of fixed assets resulting from the sale of emission rights that were not required, for an amount of EUR 147 million (previous year: 99).

Operating income rose by 8.6 % to EUR 1,430 million (previous year: 1,317). Excluding exchange rate and consolidation effects, the increase amounted to 0.6 %.

The additional ordinary result improved by EUR 393 million to EUR -102 million (previous year: -495). This was mainly due to the decline in additional ordinary expenses of EUR 505 million to EUR 134 million (previous year: 639) resulting from lower impairments in goodwill amounting to EUR 24 million (previous year: 421), which related mainly to Spain. Furthermore, the additional ordinary expenses include restructuring expenses of EUR 47 million, which primarily concerned Germany and North America, impairments of tangible fixed assets totalling EUR 27 million, and losses from the sale of tangible fixed assets and provisions amounting to EUR 9 million. The additional ordinary income fell by EUR 112 million to 32 (previous year: 144), which, in comparison with the previous year, were particularly affected by declining disinvestments. In the previous year, book profits were included from the sale of 14.1 % of shares in the Indonesian subsidiary PT Indocement Tunggal Prakarsa (EUR 73.8 million), from the physical division of the Belgian company Gralex S.A. (EUR 21.2 million), as well as the proceeds from the disposal of shares in the Australian joint venture Pioneer Road Services (EUR 3.1 million).

The decline of EUR 32 million in result from participations to EUR 6 million (previous year: 38) is, to a large extent, the result of impairments of participations in North America and Poland, amounting to EUR 32 million.

The improvement of the financial result by EUR 140 million to EUR -735 million (previous year: -875) is primarily attributable to one-off effects in the other financial result amounting to EUR 91 million as well as to the reduction of net interest result by EUR 52 million to EUR -584 million (previous year: -636) resulting from the repayment of the syndicated loan from June 2009. The one-off effects concerned the reduction from the release of capitalised financing costs by EUR 56 million to EUR 75 million (previous year: 131) and the EUR 15 million improvement in the results from the evaluation of the financial instruments shown as "held for trading."

The profit before tax from continuing operations amounts to EUR 599 million (previous year: -14). Taxes on income increased by EUR 250 million to EUR 60 million (previous year: income of EUR 190 million). The change is primarily attributable to positive one-off effects in the previous year from the release of deferred taxes and the capitalisation of losses carried forward. Net income from continuing operations amounts to EUR 539 million (previous year: 176). Net income from discontinued operations amounting to EUR -28 million (previous year: -8) relates to expenses from the Hanson Group takeover in the 2007 financial year and from maxit Group, which was sold in 2008.

Group profit and loss accounts (short form)

EURm	2009	2010	Change
Turnover	11,117	**11,762**	6 %
Operating income before depreciation (OIBD)	2,102	**2,239**	7 %
Amortisation and depreciation of intangible assets and tangible fixed assets	-785	**-809**	3 %
Operating income	1,317	**1,430**	9 %
Additional ordinary result	-495	**-102**	-79 %
Result from participations	38	**6**	-85 %
Earnings before interest and taxes (EBIT)	860	**1,334**	55 %
Financial result	-875	**-735**	-16 %
Profit / loss before tax from continuing operations	-14	**599**	
Taxes on income	190	**-60**	
Net income from continuing operations	176	**539**	207 %
Net loss from discontinued operations	-8	**-28**	257 %
Profit for the financial year	168	**511**	205 %
Group share of profit	43	**343**	704 %

In total, the profit for the financial year amounts to EUR 511 million (previous year: 168). The increase in profit attributable to minority interests by EUR 43 million to EUR 168 million (previous year: 125) is largely a consequence of the improvement in results of Indocement. The Group share of profits therefore amounts to EUR 343 million (previous year: 43).

Earnings per share – Group share in profit – in accordance with IAS 33 increased to EUR 1.83 (previous year: 0.30). For continuing operations, earnings per share amounts to EUR 1.98 (previous year: 0.36).

In view of the development of results, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 5 May 2011 the distribution of a dividend of EUR 0.25 (previous year: 0.12) per share.

Business trend in the Group areas

Western and Northern Europe

HeidelbergCement operates in eleven countries in the Western and Northern Europe Group area. In these mature markets, we manufacture cement, aggregates, asphalt, ready-mixed concrete and various building products as a fully integrated building materials company. We are the market leader in most of the countries in which we produce cement. We also operate a comprehensive network of aggregate quarries and ready-mixed concrete plants. The United Kingdom is our largest market region in Western and Northern Europe and the second largest in the Group.

Some of the countries in the Western and Northern Europe Group area experienced strong economic recovery following the severe winter at the start of the year. In Germany and Sweden in particular, the gross domestic product grew again strongly by 3.6 % and 5.2 % respectively in 2010 compared with a decline of 4.7 % and 5.3 % the year before. However, in the United Kingdom and other countries in the Group area, economic activity increased only moderately in 2010.

After sharp declines for the most part in 2009, construction activity in the countries of the Group area was inconsistent in 2010. Following losses in the first quarter relating to adverse weather, activity in the construction sector and sales volumes of building materials increasingly improved in the subsequent months. Due to the early onset of winter at the end of the year, however, the demand for building materials was below that of the previous year in a few markets, despite noticeable economic recovery.

Construction investments in Germany increased by 2.8 % in 2010 compared with the previous year. The increase is attributable to growth in both residential and public construction, as non-residential construction declined slightly. The United Kingdom also recorded an increase in construction activity of more than 6 % in 2010, driven mainly by an upturn in residential construction. New housing starts increased by around 30 % from an all-time low in 2009. Infrastructure investments also increased due to the government's fiscal stimulus programme, while the commercial sector regressed slightly. In Sweden and Norway, construction activity also recovered slightly again during the financial year. By contrast, 2010 was another difficult year for the construction industry in the Netherlands and Belgium, with a decline of 8 % and 1 % respectively. In the Baltic countries and Denmark, construction activity also decreased.

Cement business line

While cement consumption in Germany remained 3% below the previous year's level, cement consumption in the United Kingdom was up by approximately 4% compared with the previous year. Cement and clinker sales volumes in the Group area decreased by 6.3% to 19.7 million tonnes (previous year: 21.0). Our Northern European plants in Estonia and Sweden best affronted the crisis with a significant increase in their domestic cement sales. Thus, they were able to more than balance out the decline in clinker sales volumes and – in the case of Sweden – in cement exports as well. German plants, on the other hand, experienced a noticeable loss in domestic sales volumes compared with the previous year. The downward trend in Germany was exacerbated by a considerable decline in exports. Although total volumes were lower in the Benelux countries, domestic cement sales volumes were relatively stable, whereas cement exports and clinker sales volumes fell compared with the previous year. In the United Kingdom, our cement volumes were slightly ahead of the overall market gains, although sales of ground granulated blast furnace slag fell noticeably. Denmark endured the most significant loss in sales volumes on a percentage basis compared with the previous year. Turnover of the cement business line increased slightly by 1.5% to EUR 1,618 million (previous year: 1,594).

Capital investment was governed by strict expenditure control. We limited ourselves principally to improving the use of alternative fuels. In Belgium, we commissioned a new high-performance facility for processing alternative fuels. In our Norwegian plants, we also invested in installations for burning alternative fuels. Due to lower utilisation and an anticipated increase in the need for repairs and investment, we decided to close our cement plant in Wetzlar/Germany at the end of 2010.

Aggregates business line

HeidelbergCement operates an extensive network of production sites in the Western and Northern Europe Group area. Overall – despite a slight decline of 1.1% – aggregates sales volumes were roughly the same as 2009 at 68.8 million tonnes (previous year: 69.6). In the United Kingdom, our largest market region, sales volumes rose slightly in comparison with the previous year, while in Germany and Sweden they remained stable. There were double digit increases in sales volumes in the Baltic countries, but volumes were considerably lower than the previous year in the Benelux countries and Norway. Turnover of the aggregates business line increased by 5.0% in total to EUR 770 million (previous year: 734).

The aggregates business line was also governed by strict expenditure control regarding investments. We limited our investments principally to an expansion of activities at our locations in Riksten/Sweden and Jelsa, the biggest quarry in Norway, the acquisition of land for a sand pit in Uivermeertjes in the Netherlands and the increase in our participation in Belgian aggregates company Carrières d'Antoing. In Germany, we sold four production sites. Furthermore, a strategic review of our aggregates business in Scotland led to the sale of two quarries.

Building products business line

The building products business line essentially comprises Hanson building products in the United Kingdom; in addition, there are also the lime and sand-lime brick operating lines, which predominantly focus on Germany. Our building products are mainly used in residential construction. Hanson is one of the largest manufacturers of clay bricks and lightweight blocks in the United Kingdom.

While sales volumes of bricks, masonry blocks, and concrete paving blocks remained below the previous year's level, there was volume growth in precast concrete products and lightweight blocks. Turnover of the building products business line fell by 17.1% to EUR 433 million (previous year: 523). However, the introduction of capacity adjustments and cost reduction measures at an early stage resulted in the building products business line achieving considerable improvement in results over the previous year.

Concrete-service-other business line

This business line primarily comprises ready-mixed concrete and asphalt activities. We have an extensive network of ready-mixed concrete facilities in many parts of the Group area, but our asphalt activities are mainly limited to the United Kingdom. In 2010, ready-mixed concrete deliveries amounted to 11.7 million cubic metres (previous year: 12.2), a decrease of 3.4%. While our production sites in Sweden, the Baltic countries, United Kingdom, and Norway increased sales, those in Germany and the Benelux countries declined considerably. Asphalt sales volumes were also below the previous year's level at 3.4 million tonnes (previous year: 3.6); a decline of 4.6%. Total turnover of the concrete-service-other business line increased slightly in 2010 by 0.4% to EUR 1,560 million (previous year: 1,554).

Investments were predominantly made in ready-mixed concrete activities with new plants in Norway, Belgium and the Netherlands. At the same time we temporarily closed some plants in the United Kingdom as a result of lower local demand.

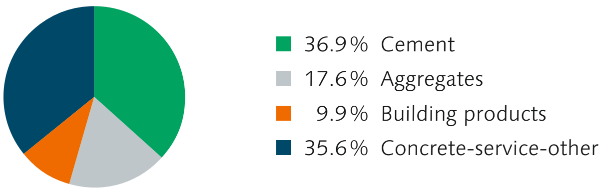
Turnover and results

Turnover of the Western and Northern Europe Group area fell slightly by 1.0% to EUR 3,811 million (previous year: 3,848). In operational terms, i.e. excluding consolidation and exchange rate effects, the decline amounted to 3.9%. Operating income before depreciation (OIBD) of EUR 683 million (previous year: 687) almost reached the level of 2009. Operating income declined by 6.4% to EUR 407 million (previous year: 435).

Key data Western and Northern Europe

EURm	2009	2010
Operating income	435	**407**
Investment in tangible fixed assets	248	**178**
Cement and clinker sales volumes (Mt)	21.0	**19.7**
Aggregates sales volumes (Mt)	69.6	**68.8**
Asphalt sales volumes (Mt)	3.6	**3.4**
Ready-mixed concrete sales volumes (Mm^3)	12.2	**11.7**
Employees as at 31 December	14,640	**14,302**

Turnover Western and Northern Europe 2010: EUR 3,811 million



Eastern Europe-Central Asia

HeidelbergCement operates in eleven countries in the Eastern Europe-Central Asia Group area. In most of these growth markets, the Group is not only the market leader in the cement business, but is also continually improving its position as a result of capacity expansions. The production of aggregates and ready-mixed concrete is also becoming increasingly important. In terms of turnover, Poland is our largest market region in Eastern Europe-Central Asia. In this country, we are not only represented in cement business but also in aggregates and ready-mixed concrete activities.

After the somewhat dramatic growth slump in 2009, most national economies in the Group area are hesitantly recovering. Eastern Europe-Central Asia was the last Group area to be hit by the economic crisis and is now the last area to recover from it. Kazakhstan and Georgia have best affronted the economic crisis with growth rates of 7 % and 5.5 %. In Poland, economic growth of 3.8 % is anticipated for 2010, and 2.4 % in the Czech Republic. Romania is bringing up the rear with -1.9 %. Construction activities are also significantly affected. The Hungarian and Czech Republic markets, in particular, are still weak. In contrast, Poland recorded steady growth. In the second half of 2010, the construction industry in Poland picked up speed, mainly because of infrastructural projects in road construction.

Cement business line

Aside from Croatia and the Slovak Republic, HeidelbergCement produces clinker and cement in all other countries of the Eastern Europe-Central Asia Group area. Total cement and clinker deliveries of the Group area fell by 9.8 % in 2010 to 14.2 million tonnes (previous year: 15.7). Consolidation effects mainly resulted from the conversion of activities in Hungary and Bosnia Herzegovina, from full consolidation to proportionate inclusion at the end of 2009, and the acquisition of the majority stake in a cement company in Russia at the end of 2010. Adjusted for these consolidation effects, the decrease was 5.5 % compared with the previous year.

While cement sales volumes dramatically declined in Hungary, in particular, and also remained well below those of the previous year in the Czech Republic and Bosnia Herzegovina, there was a noticeable increase in the Ukraine, Georgia, and Kazakhstan. In Poland, cement sales for the year were indeed lower than 2009, but the second half of the year showed – aside from low sales volumes in December resulting from severe weather conditions – an improvement compared with the previous year. This positive trend is mainly attributable to numerous infrastructure projects. In Russia, sales volumes were up on the previous year, but remained slightly below the previous year in Romania. The turnover of the cement business line fell by 13.6 % to EUR 865 million (previous year: 1,001).

In 2010, the majority of investments was made in Russia. We acquired the majority stake in CJSC "Construction Materials", which operates a modern cement plant with a capacity of 2 million tonnes in Sterlitamak in the Republic of Bashkortostan. The production site with 600 employees is situated in one of the most important investment districts in Russia.

Good progress was made with the construction of the new TulaCement plant in 2010, which has a cement capacity of around 2 million tonnes; the project is due for completion at the end of May 2011. We will use this plant for the future supply of cement to the Moscow area, Russia's largest cement market.

The capacity expansion in the Polish cement plant of Górazdze also went according to plan in 2010. The first phase of the project, which aims to expand the plant's clinker capacity by around 30 % to 12,000 tonnes of clinker per day, is expected to be complete by mid-2011. The second phase of the project involves the construction of a new cement mill and is to be implemented by 2012. This will increase total cement capacity of the plant by 1.2 million tonnes to 5.3 million tonnes.

Aside from the capacity expansions, we have invested in several market regions of the Eastern Europe-Central Asia Group area to improve environmental protection. For example, we have commissioned new filter systems at our cement plants in Kazakhstan, Georgia, and the Ukraine.

Aggregates business line

In the aggregates business line, HeidelbergCement mainly operates in the Czech Republic, Poland, Russia, Hungary and Romania. At 20.1 million tonnes (previous year: 21.3), aggregates deliveries in the Group area in 2010 were 5.7 % lower than in the previous year. However, the decline in aggregates sales volumes slowed consistently over the year.

Our Polish aggregates plants have recorded pleasing development in sales volumes since spring and managed to exceed the deliveries of the previous year. Our aggregates sales volumes considerably improved in Russia as a result of strong demand and the first-time consolidation of the Strelitsa quarry in Voronezh. Sales volumes in the Czech Republic, Hungary, and Romania, on the other hand, remained below the figures of the previous year. Turnover of the aggregates business line rose by 3.0 % to EUR 125 million (previous year: 121).

Investments in the aggregates area were essentially limited to the acquisition of land for guaranteeing reserves in the Czech Republic.

Concrete-service-other business line

HeidelbergCement has a dense network of ready-mixed concrete plants. Our main market regions, however, are located in the Czech Republic and Poland. In 2010, ready-mixed concrete sales volumes in Eastern Europe-Central Asia fell by 4.5 % to 3.9 million cubic metres (previous year: 4.0) in comparison with 2009, as a result of the change in the consolidation of Hungary and Bosnia Herzegovina mentioned above. Excluding these effects, growth of 2.3 % was recorded.

While sales volumes of ready-mixed concrete remained below the previous year in the Czech Republic, Slovak Republic, and Hungary in 2010, Poland managed to achieve significant volume growth. Deliveries in Romania, Georgia and Kazakhstan also developed pleasingly. At EUR 241 million (previous year: 256), turnover in the concrete-service-other business line fell by 5.8 % in 2010.

Investments in 2010 were limited to the acquisition of a ready-mixed concrete plant in Romania as well as to the sale of our ready-mixed concrete activities in St. Petersburg/Russia. In addition, we responded to the continuing low demand in Hungary by closing down a few of our ready-mixed concrete plants.

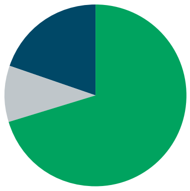
Turnover and results

Turnover in the Eastern Europe-Central Asia Group area decreased by a total of 11.2 % to EUR 1,138 million (previous year: 1,282). Adjusted for currency and consolidation effects, turnover decreased by 11.8 % on the year. Negative consolidation effects from the conversion of our activities in Hungary and Bosnia-Herzegovina from full consolidation to proportionate inclusion at the end of 2009 were offset by positive exchange rate effects. At EUR 299 million (previous year: 361), operating income before depreciation (OIBD) was 17.3 % below the previous year. Excluding consolidation and exchange rate effects, the decline amounted to 16.4 %. Operating income fell by 23.1 % to EUR 203 million (previous year: 263).

Key data Eastern Europe-Central Asia

EURm	2009	2010
Operating income	263	**203**
Investment in tangible fixed assets	270	**202**
Cement and clinker sales volumes (Mt)	15.7	**14.2**
Aggregates sales volumes (Mt)	21.3	**20.1**
Ready-mixed concrete sales volumes (Mm^3)	4.0	**3.9**
Employees as at 31 December	9,481	**9,959**

Turnover Eastern Europe-Central Asia 2010: EUR 1,138 million



70.3 % Cement
10.1 % Aggregates
19.6 % Concrete-service-other

North America

The United States and Canada form the North America Group area. In its largest market region, HeidelbergCement is a leading manufacturer of aggregates, cement, ready-mixed concrete, asphalt and building products.

The US economy experienced slight growth of 2.8 % in 2010, as compared to a decline of 2.6 % the year before. However, the upturn and optimism that marked the start of the year began to weaken towards the end of 2010. The negative impacts of the recession, continued high unemployment and US State budget deficits were especially felt by the construction industry. Starting from a low level, residential construction increased only slightly, by 2.9 %. Over three million foreclosures and a high vacancy rate adversely affected prices and new construction activity. The effect upon the western US was particularly severe. Non-residential construction again exhibited a significant decline of 32 %. Even public construction – which was largely fuelled by the government's economic stimulus programme in the first half of the year – waned significantly, and did not surpass prior-year levels for the year as a whole. This was due to declining tax revenue, together with the fact that the Federal Highway Bill road construction programme was not renewed, which delayed planning and implementation of construction projects.

Canada's gross domestic product increased by 2.9 % in 2010. Similarly to the US, construction activity, which was mainly supported by residential construction and governmental economic stimulus programmes, dissipated somewhat in the second half of the year. However, our primary market regions in the Province of British Columbia and Edmonton/Alberta, saw residential construction increase by 40 %. Commercial construction showed only slight improvement.

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Cement business line

While cement consumption in the US remained on par with the previous year, at around 71 million tonnes, consumption in Canada rose by around 10.3 % to 8.8 million tonnes. In 2011, the American Cement Association PCA anticipates increases in the low single-digit range for the US and in Canada.

At 10.0 million tonnes (previous year: 10.1), cement and clinker sales volumes at our plants in North America almost reached 2009 levels. While our production sites in Canada achieved healthy growth, sales volumes in the US – with the exception of the South Region – declined slightly. Sales volumes at both of our white cement plants also lagged slightly behind 2009. Turnover of the cement business line increased by 3.7 % to EUR 883 million (previous year: 851). In local currency terms, there was a slight decline. Despite waning demand and increasing cost pressures, we were able to considerably improve our result by adopting strict cost controls, adjusting production plans and focusing on generating cash.

Investment was also governed by strict control over expenditures. At our cement plant in Leeds/ Alabama, we commissioned a new cement silo with a capacity of 20,000 tonnes, as well as a faster, more efficient loading facility. At our plants in Union Bridge/Maryland, York/Pennsylvania, Mason City/Iowa, Glens Falls/New York, and Mitchell/Indiana, we made preparations to extend the use of alternative fuels to bio-solids and other engineered fuels. Both of our plants in California, Redding and Tehachapi, were awarded the prestigious "2010 Energy Star" by the American Environmental Protection Agency (EPA) for their excellent energy efficiency.

Aggregates business line

HeidelbergCement has a dense network of production sites in the US and western Canada. Overall sales volumes rose by 2.9 % year on year to 105.0 million tonnes (previous year: 102.1). The strongest growth was achieved by our production sites in Canada, but also most market regions in the US managed to report increases. Total turnover of the aggregates business line rose by 11.6 % to EUR 921 million (previous year: 825).

In 2010, our production site in Sechelt/British Columbia became the first aggregates plant to receive the esteemed "British Columbia Jake McDonald Mine Reclamation Award" for its innovative and comprehensive environmental protection and reclamation initiatives.

Building products business line

The building products business line includes production of concrete pipes, precast concrete parts, concrete paving blocks, roof tiles and bricks.

2010 proved to be another difficult year for building products due to their heavy reliance on residential construction. Some products were affected more than others. Precast concrete parts and roof tiles in particular experienced major volume declines. Overall sales volumes of concrete pipes and paving blocks were also weaker than in 2009, while sales of pressure pipes and bricks almost reached the previous year's level.

Overall, turnover of the building products business line fell by 2 % to EUR 707 million (previous year: 721). In local currency terms, the drop was much greater, but thanks to intense cost savings in sales and administration, we were able to significantly increase operating income before depreciation (OIBD).

Concrete-service-other business line

This business line primarily comprises our ready-mixed concrete and asphalt activities. While we have an extensive network of ready-mixed concrete plants throughout the Group area, our asphalt production mainly focuses on New York and Pennsylvania, as well as California.

Ready-mixed concrete sales volumes, which depend heavily on residential construction, fell by 4.2 % to 5.4 million cubic metres (previous year: 5.7) in comparison with 2009. With the exception of the North Region, which achieved slight growth in sales volumes, all other market regions saw volumes decline.

Asphalt sales volumes, on the other hand, benefited from the economic stimulus programmes for road construction. In the reporting year, total volumes increased by 5 % to 3.7 million tonnes (previous year: 3.5) in both market regions where we operate.

Total turnover of the concrete-service-other business line increased slightly by 7.4 % in 2010 to EUR 849 million (previous year: 790).

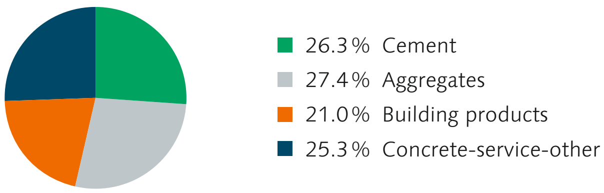
Turnover and results

Total turnover of Group area North America rose by 4.9 % to EUR 3,033 million (previous year: 2,892). Stated in local currency, levels were around the same as 2009 at USD 4,023 million (previous year: 4,032). However, as a result of our intensive measures to reduce costs, such as the successful "WIN NAM" project to increase efficiency in sales and administration, operating income before depreciation (OIBD) rose by 31.6 % to EUR 448 million (previous year: 340), equivalent to 25.2 % in local currency terms. At EUR 188 million (previous year: 86), operating income more than doubled in both euro and US dollar.

Key data North America

EURm	2009	2010
Operating income	86	**188**
Investment in tangible fixed assets	152	**146**
Cement and clinker sales volumes (Mt)	10.1	**10.0**
Aggregates sales volumes (Mt)	102.1	**105.0**
Asphalt sales volumes (Mt)	3.5	**3.7**
Ready-mixed concrete sales volumes (Mm^3)	5.7	**5.4**
Employees as at 31 December	12,601	**11,899**

Turnover North America 2010: EUR 3,033 million



Asia-Pacific

The Asia-Pacific Group area comprises seven Asian countries and Australia. In most of the growth countries of Asia, the focus is on cement production. In India, Indonesia and Bangladesh, in particular, cement capacities are currently undergoing major expansion. In Malaysia and Hong Kong, HeidelbergCement has a strong market position in aggregates and ready-mixed concrete. In Australia, HeidelbergCement has significant market positions in ready-mixed concrete and aggregates, with a dense network of production sites. We also have a participation in the largest cement company in Australia.

The emerging countries of Asia remained on course for growth in 2010. In China, the gross domestic product increased by 10.3 %. The economic conditions also maintained momentum in India, Indonesia, and Bangladesh. Thus in 2010, economic output rose in India by 9.8 % and in Indonesia and Bangladesh by around 6 %. However, there are still concerns surrounding consumer prices in Asia, which have risen noticeably. Australia recorded economic growth of 2.7 % in 2010, which was driven by the economic stimulus programme and the high demand for raw materials from China.

Cement business line

Cement and clinker deliveries of the Asia-Pacific Group area grew by a total of 4.3 % in 2010 to 26.6 million tonnes (previous year: 25.5).

In Indonesia, our subsidiary Indocement benefited from consistently lively construction activity, especially in residential construction. In 2010, domestic cement consumption increased by 6.2 % in comparison with the previous year. Domestic sales volumes of Indocement rose by 8.5 %. As a result of the strong domestic demand, export deliveries – which are marked by lower margins – were reduced by 35 %. Overall, cement and clinker sales volumes grew by 3.2 % to 13.9 million tonnes (previous year: 13.5). At the Cirebon production site, 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. Indocement predicts that Indonesian cement consumption will also continue to increase in the future, which is why we are planning to build an additional cement mill in the Citeureup production site with a capacity of 2 million tonnes; construction is intended to start in 2011, ready for commissioning at the beginning of 2013.

In China, HeidelbergCement is represented with the two joint ventures China Century Cement and Jidong Heidelberg Cement Company in the Guangdong and Shaanxi provinces. Despite the economic stimulus programmes coming to an end, both provinces recorded vivid construction activity in 2010. Good economic development, the Asian Games in Guangzhou (the capital of Guangdong), and the state economic development programmes in Shaanxi (including the 10-year "Go-West Plan") were all contributing factors. Despite strong competition in Guangdong, the decline in our clinker production due to the closing of the unprofitable Huadu cement plant in January 2010, could be more than offset by production increases in the other plants and additional clinker purchases, which led to a rise in total sales volumes of our joint ventures in China by 2.1 % to 7.3 million tonnes (previous year: 7.1). To further improve energy efficiency and the preservation of resources, the use of sewage sludge as an alternative fuel was further promoted in the Guangzhou plant. Currently, up to 600 tonnes of sewage sludge can be dried each day by using the waste heat from the kiln and then fed into the kiln as fuel.

In India, HeidelbergCement operates two cement plants and three grinding facilities in the south and west, as well as in central India. Also in 2010, the construction volume increased significantly as a result of infrastructural projects and growth in rural residential construction. However, the commissioning of new cement production capacities in the second half of the year led to price pressure, particularly in the south and west of the country. In addition, heavy rainfall in August, September and November adversely affected construction activity in some of our market regions. Therefore, total sales volumes of our Indian cement plants dropped slightly by 1.6% in comparison with the previous year. As a result of the good growth outlook, we are currently expanding our cement capacities in central India by 2.9 million tonnes. We are planning to commission the new facilities in our Damoh and Jhansi plants in the first quarter of 2012. HeidelbergCement will then have a total capacity of 6 million tonnes in India.

In Bangladesh, we achieved a considerable increase in sales volumes and results. In order to benefit from steady growth in the Bangladeshi cement market, we are currently building an additional cement mill with a capacity of 0.8 million tonnes in our Chittagong grinding plant; commissioning is planned for end of 2011. In the Sultanate of Brunei, we also greatly exceeded the cement deliveries of the previous year. Since the acquisition of Hanson in 2007, we have held a 25% share in the cement company Cement Australia, which has been proportionately consolidated.

Turnover of the cement business line rose by 20.8% to EUR 1,547 million (previous year: 1,281).

Aggregates business line

In the aggregates business line, HeidelbergCement is represented in Australia, Malaysia, Indonesia and Hong Kong. Overall, our deliveries of aggregates almost reached the level of the 2009 figures at 33.4 million tonnes (previous year: 33.5). In Australia, our largest market by far in this Group area, sales volumes remained stable, despite the consistently heavy rainfall in the first half of the year and the floods in Queensland at the end of the year. 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 crushed rock, an asphalt plant, and a ready-mixed concrete production site in the north of Queensland. In Malaysia, our deliveries of aggregates fell due to state spending cuts on infrastructural projects. As activity in the infrastructure sector is expected to pick up in 2011, we acquired a strategically well-located quarry in the federal state of Penang. We managed to achieve volume growth in Hong Kong and, especially, in Indonesia. The turnover of the aggregates business line rose by 25.6% to EUR 446 million (previous year: 355).

Building products business line

HeidelbergCement operates three precast plants in the Sydney area and one in Singapore. The turnover of the building products business line grew by 18.5% to EUR 34 million (previous year: 28).

Concrete-service-other business line

In the ready-mixed concrete business, HeidelbergCement is represented in Australia, Malaysia, Indonesia and China. In Malaysia, we conduct major asphalt activities. After selling the asphalt business in May 2009, we only have one asphalt plant in Australia, which is run by Pioneer

North Queensland Pty Ltd (see Aggregates business line). Our deliveries of ready-mixed concrete increased by 4.9 % overall to 8.9 million cubic metres (previous year: 8.5). One major contributing factor was Indonesia, which achieved a double-digit growth rate, but also Australia and Malaysia, where volume growth was achieved as well. Deliveries from our Chinese ready-mixed concrete plants decreased slightly. While volumes increased in Hong Kong, they decreased in Guangzhou due to the termination of major building projects and a construction halt ordered by the government during the Asian Games. The decline in asphalt sales volumes by 31.2 % to 1.6 million tonnes (previous year: 2.3) was the result of reduced infrastructure measures in Malaysia and the sale of the asphalt operating line in Australia the previous year. The turnover of the concrete-service-other business line rose by 12.7 % to EUR 881 million (previous year: 782).

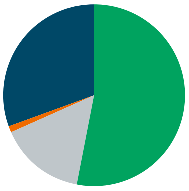
Turnover and results

The turnover of the Asia-Pacific Group area rose by 18.0 % to EUR 2,609 million (previous year: 2,211). Excluding consolidation and exchange rate effects, the increase amounted to 1.9 %. The positive exchange rate effect, amounting to EUR 389 million, essentially resulted from the weakening of the euro against the Australian dollar and the Indonesian rupiah, but also against the Indian rupee and Malaysian ringgit. Operating income before depreciation rose by 17.4 % to EUR 718 million (previous year: 612). Excluding consolidation and exchange rate effects, the amount was the same as the previous year. At EUR 586 million (previous year: 498), operating income achieved growth of 17.6 %. Excluding consolidation and exchange rate effects, the increase amounted to 0.6 %. Operating margin, which is the highest in our Group, reached again the high level of the previous year.

Key data Asia-Pacific

EURm	2009	2010
Operating income	498	**586**
Investment in tangible fixed assets	96	**174**
Cement and clinker sales volumes (Mt)	25.5	**26.6**
Aggregates sales volumes (Mt)	33.5	**33.4**
Asphalt sales volumes (Mt)	2.3	**1.6**
Ready-mixed concrete sales volumes (Mm^3)	8.5	**8.9**
Employees as at 31 December	14,030	**13,682**

Turnover Asia-Pacific 2010: EUR 2,609 million



- 53.2 % Cement
- 15.3 % Aggregates
- 1.2 % Building products
- 30.3 % Concrete-service-other

Africa-Mediterranean Basin

In Africa, HeidelbergCement is represented in eight countries south of the Sahara, where it exclusively produces cement. Our locations in the Mediterranean Basin are located in Spain, Israel and Turkey. In Spain and Israel, HeidelbergCement mainly produces aggregates and ready-mixed concrete. In Turkey, our joint venture Akçansa is one of the country's leading cement manufacturers; in addition, Akçansa also operates ready-mixed concrete and aggregates plants.

The majority of African countries south of the Sahara are experiencing dynamic economic development and lively construction activity. Solid economic growth, population increase, urbanisation and infrastructural measures are the main drivers in these countries when it comes to the rise in construction activity and cement demand. In Turkey, the construction industry is also benefiting from the extremely positive economic development; the Turkish economy showed growth of around 8 % in 2010. In Spain, on the other hand, the gross domestic product decreased by 0.1 % in 2010. The ongoing real estate crisis, the government's savings package, which has susceptibly cut infrastructure expenses, and the lack of financial resources in local and regional administrations have again caused the demand for building materials to fall significantly. Israel reported economic growth of 3.8 % and lively construction activity, although the infrastructure area decreased.

Cement business line

In Africa, our cement deliveries have risen significantly in all countries, with the exception of Benin. In our main market of Ghana, newly exploited gas and oil fields made a major contribution to the increase in sales volumes. Our plants in Sierra Leone, Tanzania, Liberia and Togo achieved also noticeable growth. Cement sales volumes in our African subsidiaries increased by 12.7 % to 5.2 million tonnes (previous year: 4.6).

Due to the positive growth prospects, HeidelbergCement expanded its activities in Africa. In May 2010, HeidelbergCement and IFC, a member of the World Bank Group, (together with further financial partners of IFC) 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 financial partners have undertaken to acquire (indirectly) a minority participation in HeidelbergCement's African activities and to inject equity of 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 2010. Part of the starting capital is currently being used to build a new cement mill in Liberia; start of operation is planned for the first quarter of 2012. A new cement mill is also scheduled for construction in Ghana and we are evaluating options for capacity expansions in other African countries.

In September 2010, HeidelbergCement signed an agreement with Forrest Group to expand cement production capacity in the Democratic Republic of Congo. With the newly agreed shareholder structure, HeidelbergCement holds the majority share in the cement business 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. 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.

As a result of the lively construction activity in Turkey, the domestic cement sales volumes of our joint venture Akçansa increased by 20 % in 2010 in comparison with the previous year. While cement exports also significantly increased due to strong demand from West Africa, clinker exports – which have weaker margins – were reduced. Overall, cement and clinker sales volumes of Akçansa rose by 14.5 % to 7.6 million tonnes (consolidated quantity: 3.0 million tonnes). At our Çanakkale plant, we started building an installation in 2010 for the generation of electricity from waste heat from the kiln, that will come into operation in 2011. The installation will cover around 30 % of the entire electricity requirement of the plant and will also cut CO_2 emissions by 60,000 tonnes.

Total cement and clinker sales volumes in the Africa-Mediterranean Basin Group area increased by 13.3 % to 8.2 million tonnes (previous year: 7.3); excluding consolidation effects, the growth amounted to 11.7 %. The turnover of the cement business line rose by 16.5 % to EUR 647 million (previous year: 555).

Aggregates business line

HeidelbergCement is active in the aggregates business line in Spain, Israel and Turkey. At 14.3 million tonnes (previous year: 15.2), sales volumes of aggregates were 5.8 % below those of the previous year. The decline resulted from the consistently low construction activity in Spain, where our deliveries of aggregates reduced significantly again, following the sharp decline in 2009. At the end of 2010, we acquired a new quarry near Barcelona, our most important market in Spain, which will replace another quarry where the mining permission will expire at the end of 2012. In Israel, our aggregates activities benefited from the strong demand for ready-mixed concrete. In Turkey, the aggregates operating line of Akçansa recorded also healthy growth in volumes as a result of lively construction activity. Total turnover of the aggregates business line fell by 3.6 % to EUR 85 million (previous year: 88).

Concrete-service-other business line

In this Group area, HeidelbergCement operates major ready-mixed concrete activities in Spain, Israel, and Turkey. The asphalt operating line, on the other hand, is only represented in Israel. In 2010, total deliveries of ready-mixed concrete rose by 8.9 % to 5.0 million cubic metres (previous year: 4.6); significant growth in Israel and particularly in Turkey more than compensated for the losses in Spain. As a result of low construction activity in Spain, it was necessary to adjust our ready-mixed concrete capacities in the Barcelona region. In Israel, however, our ready-mixed concrete deliveries increased by double digits thanks to the strong demand. Sales volumes showed even more growth in Turkey, where the ready-mixed concrete operating line of Akçansa operates 35 plants. Our asphalt business in Israel had to face significant losses in sales volumes due to the decline in infrastructure construction. Turnover of the concrete-service-other business line rose overall by 5.9 % to EUR 274 million (previous year: 258).

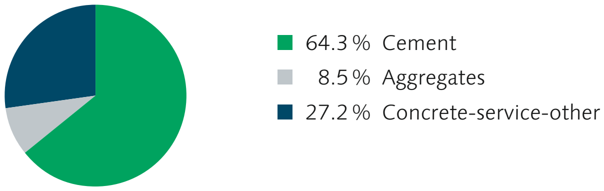
Turnover and results

Overall, turnover of the Africa-Mediterranean Basin Group area increased by 12.0 % to EUR 938 million (previous year: 837). Excluding consolidation and exchange rate effects, the increase amounted to 4.2 %. Operating income before depreciation (OIBD) of EUR 156 million (previous year: 157) almost reached the level of 2009; excluding consolidation and exchange rate effects, a decline of 4.7 % was recorded. Operating income decreased by 3.9 % to EUR 121 million (previous year: 126); excluding consolidation and exchange rate effects, it fell by 6.7 %. The drop in results is essentially due to losses in volumes and to lower sales prices in Spain.

Key data Africa-Mediterranean Basin

EURm	2009	2010
Operating income	126	**121**
Investment in tangible fixed assets	28	**34**
Cement and clinker sales volumes (Mt)	7.3	**8.2**
Aggregates sales volumes (Mt)	15.2	**14.3**
Asphalt sales volumes (Mt)	0.6	**0.4**
Ready-mixed concrete sales volumes (Mm^3)	4.6	**5.0**
Employees as at 31 December	2,499	**3,539**

Turnover Africa-Mediterranean Basin 2010: EUR 938 million



Group Services

Group Services comprises the activities of HC Trading and HC Fuels. HC Trading is one of the largest international trading companies for cement and clinker. The company is also responsible for purchasing and delivering coal and petroleum coke via sea routes to our own locations and to other cement companies around the world. In 2010, our subsidiary HC Fuels was responsible – amongst other things – for the overland supply of the Group's own locations with coal and petroleum coke that was purchased internationally.

HC Trading

Thanks to the global trading network of HC Trading, with locations in Malta, Istanbul, Singapore, Shanghai and Dubai, we are able to better control the capacity utilisation of our plants and deliver the surplus from one country to another with high demand.

The gradual economic recovery was also noticeable in international sea trade in 2010, with increasing cargo volumes. HC Trading's activity in cement, clinker and other building products such as gypsum and dry mortar increased by 13.8% to 9.6 million tonnes (previous year: 8.4) in the reporting year. While deliveries of cement were the same as the previous year, the trade volume of clinker in particular rose significantly in 2010. The majority of our own cement and clinker volumes were delivered by HC Trading to Africa and Bangladesh. The key delivery countries were Indonesia, Turkey, Sweden and Norway. Deliveries of coal and petroleum coke, which HC Trading has been conducting via sea routes since 2009, nearly tripled in 2010 to 2.6 million tonnes (previous year: 0.9).

Overall, HC Trading even managed to win new customers outside the Group in Africa, South America, the Mediterranean Basin and Asia in 2010. Deliveries to our existing customers in North Africa, the United Arab Emirates, Senegal, Taiwan and India also rose considerably in comparison with the previous year. More than 900 different-sized ships transported goods mostly via the main sea routes from Asia, the Mediterranean Basin and Continental Europe to their destinations in Africa, the Middle East and South America. HC Trading also operates two floating terminals, which are equipped to load, package, store and deliver more than 500,000 tonnes of cement. This means that HC Trading can respond quickly and efficiently to the additional demand of cement from its customers.

HC Fuels

As an energy-intensive company, HeidelbergCement requires large amounts of fuels, such as coal, petroleum coke, diesel and gas, as well as electrical energy. Our subsidiary HC Fuels, has thus far shared the responsibility for optimising energy costs within the Group. HC Fuels monitored developments on the international commodity markets together with their impact on local markets, and determined the Group's fuel requirements. In order to better co-ordinate energy purchasing across the Group, the purchase of fossil fuels and electricity will be pooled together in the Group Purchasing department. The purchasing team "Group Energy Purchasing" therefore took on the previous tasks of HC Fuels at the beginning of 2011. By bundling and co-ordinating energy purchases in one place, we will be able to better observe the development of energy markets in order to absorb the impact of volatile price trends and to react quickly to attractive market opportunities.

Turnover and results

Turnover in the area of Group Services increased by 49.3% to EUR 709 million (previous year: 475) in comparison with 2009. In contrast, operating income before depreciation (OIBD) fell by 31.5% to EUR 20 million (previous year: 30). Operating income declined by a similar magnitude to EUR 20 million (previous year: 29). This decline in results was caused by one-time extraordinary proceeds in 2009. Excluding this special effect, results have actually improved in comparison with the previous year.

Key data Group Services

EURm	2009	2010
Turnover	475	**709**
Operating income	29	**20**
Employees as at 31 December	51	**55**

Discontinued operations

Net income from discontinued operations includes expenses and income relating to damages and environmental obligations for US subsidiaries of the Hanson group, which was taken over in 2007, and to maxit Group, which was sold in 2008. In 2010, net income from discontinued operations amounted to EUR -28 million (previous year: -8).

Cash flow statement

The cash flow statement of the 2010 financial year is characterised by the continuation of our efficiency and cost-saving programmes and the further reduction of financial liabilities.

The cash flow before changes to working capital and utilisation of provisions improved by EUR 547 million to EUR 1,461 million (previous year: 914) and is therefore considerably higher than the year before. On the one hand, this is a result of the increase in operating income before depreciation owing to the ongoing recovery of our markets. On the other hand, positive effects resulted from the rise in interest received to EUR 198 million (previous year: 65) – mainly due to one-off effects from the close-out of interest rate swaps – and the decrease in interest paid to EUR 798 million (previous year: 1,013) – mainly due to reduced refinancing cost. The decline of EUR 67 million in tax payments also contributed to an increase in cash flow. The working capital could almost be kept at the same low value of the previous year. While the considerable improvement in working capital in 2009 led to an additional cash inflow of EUR 557 million, 2010 saw a low cash outflow of EUR 55 million. As a result, the cash flow from operating activities decreased slightly by EUR 20 million to EUR 1,144 million (previous year: 1,164).

Cash outflow from investments increased in the financial year by EUR 52 million to EUR 872 million (previous year: 820). Thereby, an increase of EUR 57 million resulted from gains from exchange rate effects compared to the original planning. The investments are divided into investments for sustaining capacity amounting to EUR 467 million and investments for expanding capacity amounting to EUR 405 million. In the case of measures for capacity expansion, our targeted, growth-oriented investments in the cement business in the emerging countries in Asia, Africa, and Eastern Europe have to be mentioned. Especially significant in this regard is the acquisition of the majority share of cement activities in the Forrest Group in the Democratic Republic of Congo for EUR 62 million (USD 80 million) and in CJSC "Construction Materials" in Russia for EUR 40 million (USD 54 million). We also acquired the outstanding 50% share in our Australian joint venture Pioneer North Queensland Pty Ltd for EUR 11 million. The other cash inflows in the investment area fell by EUR 58 million to EUR 223 million (previous year: 281). The decline is mainly attributable to the sale of Pioneer Road Services the previous year. The other cash inflows include, amongst other things, the net cash inflows from the sale of emission rights that were not required, for EUR 106 million (previous year: 99).

The cash outflow from financing activities decreased in the reporting year by EUR 105 million to EUR 543 million (previous year: 648). Also in 2010, financial liabilities could be settled through the repayment of bonds and loans amounting to EUR 504 million (previous year: 3,046). Net debt, on the other hand, only decreased by EUR 277 million, which is primarily due to exchange rate effects and other non-cash effects. In the previous year, the cash inflows from the capital increase amounting to EUR 2,233 million and payments from the sale of 520.5 million shares in Indonesian cement manufacturer PT Indocement Tunggal Prakarsa for EUR 216 million and of the participation in the Australian joint venture Pioneer Road Services Pty Ltd. for EUR 99 million could all be used to repay financial liabilities. The newly created reporting lines for the 2010 financial year concerning cash flow from the "decrease/increase in ownership interests in subsidiaries" based on the amendments of the IAS 7 (Statement of Cash Flows) as part of the revision of IAS 27 (Consolidated and Separate Financial Statements) comprise payment flows from equity transactions with holders, which do not lead to a loss of control. The values of the previous year have been adjusted accordingly. The main cash inflow comes from the USD 60 million (EUR 45 million) capital contribution from IFC and its financial partners for the acquisition of a minority share of around 6.06 % in Scancem International DA. In the previous year, cash inflows came mainly from the sale of 14.1 % of shares in Indocement for EUR 216 million. Dividend payments led to a cash outflow of EUR 79 million (previous year: 50).

In the 2010 financial year, HeidelbergCement was able to meet its payment obligations at all times.

Group cash flow statement (short form)

EURm	2009	2010	Difference
Cash flow	914	**1,461**	547
Changes in working capital	557	**-55**	-612
Decrease in provisions through cash payments	-307	**-262**	45
Cash flow from operating activities	1,164	**1,144**	-20
Investments (cash outflow)	-820	**-872**	-52
Other inflows of cash and cash equivalents	281	**223**	-58
Cash flow from investing activities	-539	**-648**	-109
Capital increase	2,233		-2,233
Dividend payments	-50	**-79**	-29
Decrease/increase in ownership interests in subsidiaries	215	**41**	-174
Net repayment of bonds and loans	-3,046	**-504**	2,542
Cash flow from financing activities	-648	**-543**	105
Effect of exchange rate changes	35	**64**	29
Change in cash and cash equivalents	11	**16**	5

Investments

The strict spending discipline regarding investments was also a significant cornerstone of rigid and consistent cash management for the 2010 financial year. Cash flow investments amounted to a total of EUR 872 million in 2010 (previous year: 820). EUR 734 million (previous year: 795) was invested in tangible fixed assets and intangible assets. The investments in financial fixed assets reached EUR 138 million (previous year: 25).

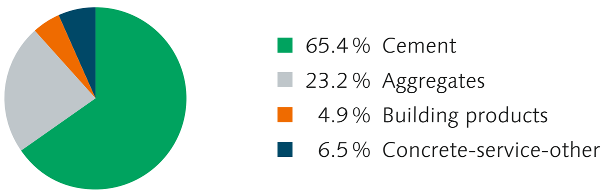
The investments in tangible fixed assets related mainly to maintenance, optimisation and environmental protection measures at our production sites. Of particular importance are the commissioning of a new cement silo in the American cement plant Leeds and numerous projects aimed at expanding the use of alternative fuels and improving energy efficiency in all Group areas. HeidelbergCement has, however, also invested in expansion projects in growth markets: As part of the 2012 cement capacity expansion plan, targeted investments were made in Asia, Africa, and Eastern Europe in order to lay the foundations for future growth. Larger projects included the expansion of our cement capacities in Central India by 2.9 million tonnes, the new construction of the TulaCement plant in Russia with a capacity of 2 million tonnes and the capacity expansion of the Polish plant of Górazdze by 1.2 million tonnes.

Investments in financial fixed assets primarily concerned the takeover of the majority participations in the cement activities of the Forrest Group in the Democratic Republic of Congo and of the cement company CJSC "Construction Materials" in Russia as well as the acquisition of the outstanding 50% share in Australian joint venture Pioneer North Queensland Pty Ltd.

Fixed assets investments

EURm	2009	2010
Western and Northern Europe	248	**178**
Eastern Europe-Central Asia	270	**202**
North America	152	**146**
Asia-Pacific	96	**174**
Africa-Mediterranean Basin	28	**34**
Group Services		
Financial investments	25	**138**
Total	820	**872**

Investments in intangible assets and tangible fixed assets by business lines 2010



Group balance sheet

The structure of the Group balance sheet improved again in the 2010 financial year. The proportion of shareholders' equity in relation to total capital increased by 4.2 percentage points to 47.4 % (previous year: 43.2 %). In particular, it was possible to reduce the ratio of net debt to shareholders' equity (gearing) by 13.7 percentage points to 62.9 % (previous year: 76.5 %) in the 2010 financial year. One contributing factor was the reduction of net debt of EUR 0.3 billion to EUR 8.1 billion (previous year: 8.4), despite the marginal rise in net investments of EUR 0.1 billion.

As at 31 December 2010, the balance sheet total had increased by EUR 1.9 billion to EUR 27.4 billion (previous year: 25.5). Exchange rate effects of EUR 1.4 billion contributed to this increase.

Long-term assets rose by EUR 1.8 billion to EUR 23.1 billion (previous year: 21.3). The increase in fixed assets by EUR 1.6 billion to EUR 22.4 billion (previous year: 20.8) is mainly attributable to exchange rate effects amounting to EUR 1.4 billion and changes in the consolidation scope.

Short-term assets rose only marginally by EUR 0.1 billion. Regarding changes in current assets, the increase in inventories by EUR 0.1 billion and in trade receivables by EUR 0.1 billion as well as the reduction in tax assets by EUR 0.2 billion have to be mentioned.

On the liabilities side of the Group balance sheet, the shareholders' equity rose by EUR 1.9 billion to EUR 12.9 billion (previous year: 11.0). This is primarily attributable to the exchange rate effects of EUR 1.4 billion and to the profit for the financial year of EUR 0.5 billion. The strength of the Australian, US and Canadian dollar, the British pound, the Swedish krona and the Indonesian rupiah had a significant effect on this development.

Growth of long-term liabilities by EUR 0.2 billion to EUR 11.3 billion (previous year: 11.1) was mainly due to an increase of EUR 0.1 billion in provisions for pensions and to the rise of EUR 0.1 billion in the long-term interest-bearing liabilities resulting from exchange rate effects. Short-term liabilities decreased by EUR 0.2 billion to EUR 3.2 billion (previous year: 3.4). This mainly resulted from the repayment of short-term financial liabilities amounting to EUR 0.3 billion and to an increase in trade payables of EUR 0.2 billion.

Group balance sheet (short form)

EURm	31 Dec. 2009	**31 Dec. 2010**	Part of balance sheet total
Intangible assets and tangible fixed assets	20,289	**21,837**	80 %
Financial fixed assets	493	**520**	2 %
Other non-current assets	469	**683**	2 %
Current assets	4,257	**4,333**	16 %
Disposal groups held for sale		**3**	0 %
Shareholders' equity and minority interests	11,003	**12,884**	47 %
Non-current liabilities	11,138	**11,337**	41 %
Current liabilities	3,367	**3,151**	12 %
Liabilities in disposal groups		**4**	0 %
Balance sheet total	25,508	**27,377**	100 %

Key financial ratios [1]			
	2008	2009	**2010**
Assets and capital structure			
Shareholders' equity/total capital	31.5%	43.2%	**47.4%**
Net financial liabilities/balance sheet total	44.0%	33.0%	**29.8%**
Long-term capital/fixed assets	107.2%	106.6%	**108.4%**
Gearing (net debt/shareholders' equity)	139.8%	76.5%	**62.9%**
Earning per share			
Earnings per share (EUR)	14.55	0.30	**1.83**
Profitability			
Return on total assets before taxes	6.9%	2.8%	**4.7%**
Return on equity	8.1%	1.6%	**4.2%**
Return on turnover	4.7%	1.6%	**4.6%**

1) Without adjustment to IAS 32.18 b) Puttable Minorities in the amount of EUR 96 million (2010), EUR 37 million (2009), EUR 50 million (2008)

Group financial management

Financial principles and goals

The goal of external financing is to ensure sufficient liquidity for the Group at all times. The crisis in the international capital markets has emphasised how important it is to focus on liquidity.

Our external financial flexibility is primarily assured by capital markets and a group of major international banks. Within the Group the principle of internal financing applies, i.e. financing requirements of subsidiaries are – where possible – covered by internal loan relationships. In 2010, our subsidiaries were financed according to this principle primarily by our Dutch finance company HeidelbergCement Finance B.V. (HC Finance B.V.) and HeidelbergCement AG. This central financing guarantees uniform presence in the capital markets and in relation to rating agencies, eliminates structural benefits for individual creditor groups, and strengthens our negotiating position with credit institutions and other market participants. Furthermore, it enables us to allocate liquidity in the most efficient way and to monitor and eliminate the financial risk position (currencies and interest) across the Group on the basis of net positions.

The Group companies use either liquidity surpluses from other subsidiaries in cash pools (Germany, Scandinavia/Baltic States, US, Benelux countries, Australia, United Kingdom, Canada, Czech Republic, Russia, Spain and other countries) or are provided with Intra-Group loans from Heidelberg-Cement Finance B.V. or HeidelbergCement AG. In some cases, the Group Treasury department also arranges credit lines for subsidiaries with local banks in order to accommodate legal, tax or other conditions. Local financing is mainly used for particularly small volumes.

Financing measures – bond issues and new syndicated loan

2010 was characterised by three successful bond issues and the conclusion of a self-syndicated and arranged revolving credit line for cash drawings and letters of credit and guarantee facilities amounting to EUR 3 billion.

On 19 January 2010, we were the first European company to issue two Eurobonds to domestic 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 proceeds from the issue were exclusively used for the partial repayment of the syndicated loan of EUR 8.7 billion from June 2009. This issue significantly reduced our Group's liabilities to banks and demonstrated the confidence of the capital market in HeidelbergCement. The bonds had fixed coupons 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 %, yielding to maturity of 6.75 % and 7.75 % respectively.

On the basis of these successful bond issues and the thereby reduced dependence on bank financing, we were able to negotiate a self-arranged, syndicated revolving credit line amounting to EUR 3 billion with a group of just 17 banks. This enabled us to repay liabilities still outstanding from the syndicated loan of EUR 8.7 billion that we concluded with 60 banks in June 2009, and to subsequently cancel it. The conditions of the new credit line are much more favourable and the term, which runs until the end of 2013, improved financial and operational flexibility considerably. Securities were also significantly reduced, which benefits the bond creditors and also noticeably cuts down on securities administration and its implications for operational business. The new credit line, which can be used for cash drawings and letters of credit and guarantee facilities is mainly intended as a liquidity reserve, and as at 31 December 2010, only EUR 396 million had been drawn upon. The free credit line amounted to EUR 2,604 million at year-end 2010 (see following table). Overall, it is thereby ensured that all Group companies have sufficient cash and available headroom for drawings to enable them to successfully finance operational business and new investments.

Credit line

EURm	31 Dec. 2010
Syndicated facility (SFA)	3,000.0
Utilisation (cash)	131.8
Utilisation (guarantee)	264.2
Free credit line	**2,604.0**

The reduction in the number of creditors from 60 to 17 core banks is evidence of the strength of our bank relationships and simplifies the coordination processes with bank creditors. In addition, we were able to significantly improve conditions compared with the EUR 8.7 billion credit line from the previous year: the initial credit margin was reduced to 300 basis points from the former 425 basis points. In order to honour our additional deleveraging progress, we have agreed on a margin grid with the banks which provides for a quarterly measurement of the ratio of Group net debt to EBITDA as the basis for the credit margin calculation (see following table). In November, we were able to negotiate an adjustment of the margin grid on the basis of our improved credit rating and the very good operational performance, enabling the original credit margin from April to be further reduced by 100 basis points. As a result, the borrowing costs from January 2010 thus fell from 425 basis points to 200 basis points in December 2010.

The following banks are creditors of the credit lines and are therefore our core banks: Bank of America/Merrill Lynch, BayernLB, BNP/Fortis, Citigroup, Commerzbank, Deutsche Bank, Svenska Handelsbanken, Helaba, ING, Intesa, LBBW, Mediobanca, Morgan Stanley, Nordea, RBS, RZB and SEB.

Syndicated facility agreement (SFA) from 27 April 2010, amended on 19 November 2010

Facility amount	EUR 3,000,000,000	
Facility:	A syndicated multicurrency cash and letter of credit facility EUR 500,000,000 letter of credit facility operating as a sub-limit.	
Maturity date:	31 December 2013	
Margins:		
- Cash drawdowns	Initial margin in % p.a..	3.00
	Subsequent margin depending on the ratio of Group net debt to EBITDA:	
	Group net debt : EBITDA	**Margin in % p.a.**
	Greater than or equal to 4.50 : 1	3.00
	Less than 4.50 : 1 but greater than or equal to 4.00 : 1	**2.00**
	Less than 4.00 : 1 but greater than or equal to 3.50 : 1	1.75
	Less than 3.50 : 1 but greater than or equal to 3.00 : 1	1.50
	Less than 3.00 : 1 but greater than or equal to 2.50 : 1	1.25
	Less than 2.50 : 1	1.00
- Issued letters of credit	75.00 % p.a. of the applicable margin	
Upfront fee:	1.00 % of the total commitment	
Commitment fee:	35.00 %. p.a. of the applicable margin	
Utilisation fee:	Depending on the utilisation of credit line from October 2010 onwards:	
	> 33.33 % outstanding	0.25 %
	> 66.66 % outstanding	0.50 %
Security:	The lenders benefit from the following security package:	
	(i) Upstream guarantees of Group companies, which together represent about 70 % of Group turnover and Group assets	
	(ii) Share pledges over all shares in 100 % subsidiaries held directly by HeidelbergCement AG	

On 1 July, we were able to make use of the excellent market environment and issue a further Eurobond with an issue volume of EUR 650 million and a maturity date of 15 December 2015 under our EUR 10 million EMTN programme. The issue proceeds were utilised to repay bank debt. This also further improved the maturity profile (see table in the Prospects chapter on page 116) and again reduced the dependency on banks. The bond had a coupon of 6.75 % p.a. The issue price was 99.444 %, resulting in a yield to maturity of 6.875 %.

The bonds issued in 2010 are unsecured and rank pari passu with all other capital market debt. According to the terms and conditions of these bonds and of the three Eurobonds already issued in October 2009, 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 2,124 million and the consolidated interest expense of EUR 599 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. At the end of 2010, the consolidated coverage ratio amounted to 3.55. In the reporting year, net financial liabilities decreased by EUR 0.3 billion, and amounted to EUR 8.1 (previous year: 8.4) billion as at 31 December 2010.

The following table shows the new issues and repayments of HeidelbergCement Group in 2010:

New issues and repayments of HeidelbergCement Group

Transaction	Offering date	Duration	Maturity date	Nominal volume	Yield
New issue	2010-01-19	5 years	2015-08-03	EURm 650	6.500%
New issue	2010-01-19	10 years	2020-04-03	EURm 750	7.500%
New issue	2010-07-01	5 years	2015-12-15	EURm 650	6.750%
Repayment	2000-09-27	10 years	2010-09-27	USDm 750	7.875%
Early redemption SFA	2009-06-18	3 years	2010-04-27	EURm 8,744	variable
SFA refinancing	2010-04-27	3 ½ years	2013-12-31	EURm 3,000	variable

The following table shows the financial liabilities of HeidelbergCement Group as at 31 December 2010:

Debenture loans

Issuer EURm	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
HC Finance B.V.	480.0	469.0	5.625	2007-10-22	2018-01-04	DE000A0TKUU3
HC Finance B.V.	1,000.0	1,080.6	7.625	2008-01-25	2012-01-25	XS0342136313
HC Finance B.V.	1,000.0	1,007.4	7.500	2009-10-21	2014-10-31	XS0458230082
HC Finance B.V.	1,000.0	1,017.8	8.000	2009-10-21	2017-01-31	XS0458230322
HC Finance B.V.	500.0	485.5	8.500	2009-10-21	2019-10-31	XS0458685913
HC Finance B.V.	650.0	653.7	6.500	2010-01-19	2015-08-03	XS0478802548
HC Finance B.V.	750.0	742.1	7.500	2010-01-19	2020-04-03	XS0478803355
HC Finance B.V.	650.0	629.8	6.750	2010-07-01	2015-12-15	XS0520759803
Hanson Australia Funding Limited USDm 750	560.6	563.2	5.250	2003-03-18	2013-03-15	US411336AA85
Hanson Limited USDm 750	560.6	579.6	6.125	2006-08-16	2016-08-15	US411349AA15
Total		**7,228.8**				

Bank loans					
Issuer EURm	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date
Certificate of debt					
HeidelbergCement AG	5.0	5.0	6-M-Euribor + 1.600	2002-09-27	2013-03-27
HC Finance B.V.	200.0	202.3	5.710	2007-10-16	2012-10-16
HC Finance B.V.	100.0	101.2	6.000	2007-10-16	2014-10-16
HC Finance B.V.	40.0	40.2	3-M-Euribor + 1.900	2008-04-18	2013-04-18
HC Finance B.V.	100.0	100.5	3-M-Euribor + 2.100	2008-05-05	2013-05-05
HC Finance B.V.	73.5	74.3	3-M-Euribor + 1.950	2008-05-07	2012-05-07
HC Finance B.V.	33.5	35.4	6.360	2008-05-07	2012-05-07
HC Finance B.V.	8.5	9.0	3-M-Euribor + 1.950	2008-05-07	2012-05-07
HC Finance B.V.	25.0	26.1	6.570	2008-05-07	2014-05-07
HC Finance B.V.	18.0	18.1	3-M-Euribor + 2.150	2008-05-07	2014-05-07
HC Finance B.V.	50.0	50.1	6-M-Euribor + 2.050	2008-06-09	2013-06-10
Syndicated facility					
HeidelbergCement AG	131.8	95.9		2010-04-27	2013-12-31
Others					
HeidelbergCement Group		380.7			
Total		**1,139.0**			

Other financial liabilities						
Issuer EURm	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
European Medium Term Note						
HC Finance B.V.	50.0	50.5	3-M-Euribor + 2.900	2004-04-08	2011-04-08	XS0190041391
HC Finance B.V.	10.0	10.0	6-M-Euribor + 2.500	2004-03-26	2011-05-20	XS0189520256
HeidelbergCement AG	10.0	10.0	6-M-Euribor + 2.500	2004-04-01	2011-05-20	XS0189795353
HC Finance B.V. SEKm 150	16.7	16.8	4.400	2006-11-07	2011-11-07	XS0274376564
HC Finance B.V. SEKm 150	16.7	16.7	3-M-Stibor + 0.400	2006-11-07	2011-11-07	XS0274376481
HC Finance B.V.	6.0	6.0	6-M-Euribor + 0.200	2005-01-20	2012-01-20	XS0210446448
HC Finance B.V.	50.0	50.1	3-M-Euribor + 0.200	2007-01-23	2012-01-23	XS0283649621
HeidelbergCement AG SEKm 290	32.3	32.4	3-M-Stibor + 1.050	2007-10-25	2012-10-25	XS0327475744
HC Finance B.V.	30.0	29.8	3-M-Euribor + 1.450	2005-06-09	2015-06-09	XS0221489155
Commercial Paper						
HeidelbergCement AG	173.8	173.8				
Others						
HeidelbergCement Group		287.8				
Total		**683.9**				

Puttable minorities	
EURm	Book value
Puttable minorities	95.6
Total	**95.6**

The following table shows the main liquidity instruments as at 31 December 2010:

Liquidity instruments	
EURm	31 Dec. 2010
Cash and cash equivalents	869.7
Liquidable financial investments and derivative financial instruments	36.0
Free credit line	2,604.0
Free liquidity	**3,509.7**

Rating

The successful refinancing measures coupled with the operational performance led to a significant upgrade of the credit rating by rating agencies Standard & Poor's, Moody's and Fitch Ratings (BB-/B, Ba2/NP, BB/B). Consequently, we were able to revive issue activity on the money market and issue a total volume of EUR 7.0 billion via our EUR 1 billion Euro Commercial Paper Programme over the course of 2010. At the end of 2010, around EUR 174 million of the Commercial Paper issued by HeidelbergCement AG were outstanding. The EUR 3 billion syndicated credit line thereby serves as a back-up line.

Rating agencies	Long-term rating	Outlook	Short-term rating
Standard & Poor's	BB-	positive	B
Moody's	Ba2	positive	Not Prime
Fitch	BB	stable	B

Results of operations, asset positions and financial condition of HeidelbergCement AG

In addition to the Group reporting, the parent company's development is described below. In contrast with the Group annual accounts, the annual accounts of HeidelbergCement AG are prepared in accordance with German commercial law. The regulations of the German Accounting Law Modernization Act (BilMoG) have been applied since 1 January 2010. Extraordinary proceeds amounting to EUR 16.6 million resulted from the switch to the BilMoG regulations. Furthermore, EUR 21.9 million was recorded in the revenue reserves as BilMoG conversion differences recognised with no effect on profit and loss accounts.

HeidelbergCement AG's report to the shareholders is combined with that of the HeidelbergCement Group in accordance with § 315, section 3 of the German Commercial Code (Handelsgesetzbuch, HGB), as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business line.

As the controlling company, HeidelbergCement AG plays the leading role in the HeidelbergCement Group. In addition, it is also operationally active in Germany in both the cement and the building products business lines. Following the merger of HC Zementwerk Hannover GmbH on

1 January 2010 and the closure of the Wetzlar cement plant at the end of 2010, the company now operates ten cement and grinding facilities and one lime plant.

In 2010, the effects of the global economic crisis were still obvious in the German construction industry. The harsh winter months at the start of the year and the early onset of winter in December also affected cement and clinker sales volumes. Export deliveries decreased also noticeably. The Wetzlar cement plant was closed at the end of 2010 due to low utilisation and an anticipated increase in repair and investment requirements.

In the 2010 financial year, the turnover of HeidelbergCement AG decreased by 3.6% to EUR 477 million (previous year: 495). It must also be noted that the previous year's figure included turnover from ready-mixed concrete sales as a result of the accretion of Heidelberger Beton Nordwest GmbH & Co. KG. The operational activities of this company were included in Heidelberger Beton GmbH at the end of 2009. Excluding the consolidation effect from the merger of HC Zementwerk Hannover GmbH on 1 January 2010, turnover decreased by 11.6%. The negative effect resulting from the merger of HC Zementwerk Hannover GmbH amounting to EUR 99.6 million and the restructuring expenses of the closure of the Wetzlar cement plant could be partly offset by savings from the "FitnessPlus 2010" programme. Overall, earnings before interest and taxes (EBIT) fell by EUR 19 million to EUR -61 million (previous year: -42). Results from participations decreased as a result of lower dividends from directly held subsidiaries to EUR -7 million (previous year: 89). Interest income from loans increased to EUR 257 million (previous year: 145); this was primarily attributable to the transfer of the proceeds from the three Eurobonds issued in October 2009 and the two issued in January 2010 to HeidelbergCement UK Holding Limited/United Kingdom. The increase in other interest and similar earnings to EUR 539 million (previous year: 289) is essentially the result of proceeds from interest rate swaps, including income from the close-out of interest rate swaps with positive market value. The increase in interest and similar expenses to EUR 633 million (previous year: 445) is due to interest expenses for the Eurobonds issued in October 2009 and January 2010, the amortisation of the transaction costs for the syndicated credit lines dated June 2009 and April 2010, the amortisation of the transaction costs and discount of the Eurobonds issued in January 2010, and the expenses from interest rate swaps, including losses from the transfer at negative market values to HeidelbergCement Finance B.V. Overall, the profit for the financial year amounted to EUR 47 million (previous year: 123), while the balance sheet profit amounted to EUR 63 million (previous year: 64).

The balance sheet total fell by EUR 2.4 billion in comparison with the year before to EUR 16.3 billion (previous year: 18.7). The decline was essentially a result of the transfer of the three Eurobonds issued in October 2009 with a total volume of EUR 2.5 billion to wholly-owned Dutch subsidiary HeidelbergCement Finance B.V. as well as of the simultaneous transfer of loans of the same amount, that HeidelbergCement UK Holding Limited/United Kingdom had received, to HeidelbergCement Finance B.V. In July 2010, HeidelbergCement Finance B.V. took over from HeidelbergCement AG as the issuer of these bonds and the two Eurobonds issued in January 2010 with a total volume of EUR 1.4 billion. On the assets side, loans to affiliated companies decreased by EUR 2.4 billion to EUR 3.5 billion (previous year: 5.9). The decline is primarily attributable to the transfer of loans to HeidelbergCement Finance B.V. These loans came from the transfer of the Eurobonds issued in October 2009 and January 2010 to HeidelbergCement UK Holding Limited/United Kingdom. Financial fixed assets declined by EUR 2.6 billion to EUR

11.2 billion (previous year: 13.8); total fixed assets also fell by a similar extent to EUR 11.5 billion (previous year: 14.0). In current assets, the receivables and other assets increased to EUR 4.8 billion (previous year: 4.4). This increase is essentially a result of the rise in receivables from affiliated companies to EUR 4.7 billion (previous year: 4.3).

On the liabilities side, the shareholders' equity remained the same at EUR 11.6 billion (previous year: 11.6), as did the provisions at EUR 0.6 billion (previous year: 0.6). In contrast, liabilities fell by EUR 2.4 billion to EUR 4.0 billion (previous year: 6.4). This reduction reflects the replacement of HeidelbergCement AG by HeidelbergCement Finance B.V. as bond issuer in July 2010. The amount of EUR 2.5 billion shown under debenture loans in the previous year decreased to zero as a result of the transfer of the bonds issued in October 2009 and in January 2010.

Evaluation of the economic situation by Group management

2010 was characterised by a significant two-part geographical trend in the demand for building materials. In the emerging countries of Asia and Africa, consumption was further driven by the continuous economic growth. In Europe and the US, on the other hand, total demand for building materials fell in comparison to the previous year as a result of the negative effects of the financial and economic crisis on the construction sector and because of the severe wintry conditions at the start and end of the year. However, the lowest point was reached in these markets in the course of the year, and the volumes rose again, first in North America and lastly also in Eastern Europe.

As the market leader for aggregates and one of the leading manufacturers of cement with vertically integrated activities, HeidelbergCement was able to benefit from infrastructure programmes, particularly in North America. Thanks to advantageous geographical positioning in local growth markets in emerging countries and in the mature markets of North America and Europe as well as the successful implementation of the cost reduction and efficiency improvement measures as part of the “FitnessPlus 2010” programme, we were able to slightly increase our operating margin compared with the previous year. The net result also profited from the decline in financing costs.

The financing structure of HeidelbergCement improved further in 2010. The sustainably high cash inflow from operating activities enabled us to reduce the net debt from EUR 8.4 billion at the end of 2009 to EUR 8.1 billion at the end of 2010. At the same time, we continued with our disciplined and focused investments in expanding cement capacity in attractive growth markets. As a result of the successful issuance of several Eurobonds, we have also improved the maturity profile. Furthermore, HeidelbergCement has negotiated a new credit line based on significantly better terms and thus managed to increase available liquidity to EUR 3.5 billion at the end of 2010.

Additional statements

Statements according to §§ 289, section 4, 315, section 4 of the German Commercial Code (HGB)

On 31 December 2010, the share capital of HeidelbergCement AG amounted to EUR 562,500,000. It is divided into 187,500,000 no-par value bearer shares, each with a nominal value of EUR 3, which corresponds to a proportionate amount of the subscribed share capital. Each share carries one vote at the Annual General Meeting. All shares carry the same rights and obligations; there are no different classes of shares. The Managing Board knows of no restrictions concerning voting rights or the transfer of shares. According to information available to the company in accordance with the German Securities Trading Law (Wertpapierhandelsgesetz), as at 31 December 2010, Mr Ludwig Merckle, Ulm, holds more than 10% of the voting rights in the company. He currently holds 25.11% of the voting rights directly and indirectly via various companies, including SC Vermögensverwaltung GmbH (formerly Spohn Cement GmbH), Zossen. No holder of shares has been granted special rights giving powers of control.

The company's Managing Board is appointed and discharged by the Supervisory Board. The Articles of Association may be amended by the Annual General Meeting with a simple majority of the share capital represented at the time of voting, except where a greater majority is required by law. Amendments affecting only the wording of the Articles of Association may be made by the Supervisory Board.

As at 31 December 2010, there were two authorised capitals; namely authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for contributions in kind (Authorised Capital II). The authorised capitals are described as follows:

The Managing Board is authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to EUR 225,000,000 by issuing new no-par value bearer shares in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised

- to exclude the subscription rights of shareholders in order to realise residual amounts, and
- to fully or partially exclude the subscription right for a partial amount of up to 10% of the share capital available at the time of the authorisation in order to issue new shares at an issue price that is not considerably lower than the stock exchange price of the old shares; the limit for the amount should take into account those shares otherwise issued or sold during the term of this authorisation in application of § 186, section 3, sentence 4 of the German Stock Company Act (Aktiengesetz). New shares will also be credited against the 10% limit previously mentioned, which are and must be issued for exercising subscription rights arising from option and/or conversion rights or obligations arising from debenture bonds. This limit should also take into account the treasury shares sold on the basis of an authorisation in application of § 71, section 1, no. 8 and § 186 section 3, sentence 4 of the German Stock Company Act to the exclusion of the subscription right.

The Managing Board is also authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to EUR 56,100,000 by issuing new no-par value bearer shares in return for contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). Furthermore, the Managing Board is authorised to exclude, with the consent of the Supervisory Board, the subscription right, provided that the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies, parts of companies, or of participations in companies, or of other assets. In addition, the Managing Board is authorised to exclude, with the consent of the Supervisory Board, the subscription right of shareholders in so far as it is necessary to grant bearers of the warrants and convertible bonds issued by the company or its subsidiaries with subscription rights for new shares to the extent to which they would be entitled after exercising the option or conversion rights and/or fulfilling the warrant or conversion obligation. The Managing Board is authorised to determine, with the consent of the Supervisory Board, the further details and implementation of the capital increase, particularly the content of the share rights and the terms of the share issue.

As at 31 December 2010, the authorisation to issue new shares in return for cash contributions or contributions in kind forming the basis of the Authorised Capitals I and II had not been used.

Ultimately, the conditional share capital described below existed as at 31 December 2010: The share capital was conditionally increased by a further amount of up to EUR 187,500,000, divided into up to 62,500,000 new no-par value bearer shares (conditional share capital 2009). The conditional capital increase is only carried out insofar as the bearers of option or conversion rights, or those obliged to exercise conversions or options in connection with warrant or convertible bonds, profit-sharing certificates, or participating bonds issued or guaranteed by HeidelbergCement AG, or a Group company of HeidelbergCement AG in the sense of § 18 of the German Stock Company Act (Aktiengesetz) in which HeidelbergCement AG directly or indirectly has a participation of at least 90%, on the basis of the authorisation agreed by the Annual General Meeting of 7 May 2009 under agenda item 7, make use of their option or conversion rights or, if they are obliged to exercise conversions or options, fulfil their obligation to exercise conversions or options, or, if HeidelbergCement AG exercises an option to grant shares of HeidelbergCement AG in place of all or part of the payment of the monetary amount due, provided that a cash settlement is not granted and no treasury shares or shares of another listed company are used to service this right. As at 31 December 2010, the authorisation to issue warrant or convertible bonds forming the basis of the conditional share capital 2009 had not been used. Within the framework of a co-operation agreement, subject to the consent of the contractual partners, the company has undertaken as part of the cash capital increase in September 2009 not to issue convertible bonds with the right to convert into new shares from the 2009 conditional share capital before April 2011.

The company has no treasury shares and there is no authorisation to acquire treasury shares.

A list of the company's significant agreements contingent on a change of control resulting from a takeover bid, and a summary of the effects thereof, is provided below in accordance with §§ 289, section 4 no. 8, 315 section 4 no. 8 of the German Commercial Code (HGB). Please note that we are disregarding agreements whose potential consequences for the company fall below the thresholds of EUR 50 million in a singular instance or EUR 100 million in the case of several similar agreements, as they will not normally affect the decision of a potential bidder. The existing change-of-control clauses are standard for this industry and type of transaction and have not been agreed with the intention of hindering any takeover bids. The following significant agreements of HeidelbergCement AG are contingent on a change of control within HeidelbergCement AG resulting from a takeover bid:

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2 Combined management report
3 Corporate Governance
4 HeidelbergCement annual accounts
5 Additional information

Name of agreement / date	Type of contract	Nominal amount EURm	Repayment	Type of clause
Syndicated credit and aval agreements				
Syndicated credit and aval credit facility of 27 April 2010	Credit and aval credit facility	3,000 [1)]	To the extent outstanding by 31 December 2013	(1)
Bonds issued by HeidelbergCement Finance B.V. under the guarantee of HeidelbergCement AG				
5.625 % bond 2007/2018	Debenture bond	480	To the extent outstanding by 4 January 2018	(2)
6.375 % bond 2008/2012	Debenture bond	1,000	To the extent outstanding by 25 January 2012	(2)
7.5 % bond 2009/2014	Debenture bond	1,000	To the extent outstanding by 31 October 2014	(3)
8.0 % bond 2009/2017	Debenture bond	1,000	To the extent outstanding by 31 January 2017	(3)
8.5 % bond 2009/2019	Debenture bond	500	To the extent outstanding by 31 October 2019	(3)
6.5 % bond 2010/2015	Debenture bond	650	To the extent outstanding by 3 August 2015	(3)
7.5 % bond 2010/2020	Debenture bond	750	To the extent outstanding by 3 April 2020	(3)
6.75 % bond 2010/2015	Debenture bond	650	To the extent outstanding by 15 December 2015	(3)
Debt certificates issued by HeidelbergCement Finance B.V., guaranteed by HeidelbergCement AG				
of 16 October 2007	Debt certificates	200 100	by 16 October 2012 by 16 October 2014	(2)
of 18 April 2008	Debt certificates	40	by 18 April 2013	(2)
of 5 May 2008	Debt certificates	100	by 5 May 2013	(2)
of 7 May 2008	Debt certificates	115.5 43	by 7 May 2012 by 7 May 2014	(2)
of 9 June 2008	Debt certificates	50	by 10 June 2013	(2)
Shareholders agreement				
between HeidelbergCement AG and IFC dated 19 May 2010	Agreement between HeidelbergCement AG and IFC as well as their associated shareholders in Scancem International DA	to be determined	to be determined	(4)

1) In this, EUR 396 million was outstanding as at 31 December 2010.

The relevant change-of-control clauses give the contractual partner or bearer of the bonds or debt certificates the right to immediately accelerate and to demand repayment of the outstanding loans, debenture bonds, or debt certificates, or to end the common participation in Sancem International DA in the event of a change in the company's shareholder structure as defined variously as follows:

The syndicated credit facility and aval credit facility agreement dated 27 April 2010 marked (1) in the "Type of clause" column give each bank syndicate creditor the right, in the event of a change of control, to accelerate the loan amount it provided (plus any accrued interest) and to demand repayment accordingly. A change of control is deemed to occur when a person or a group of people acting jointly in the sense of § 2 section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has acquired more than 30 % of the shares in the company.

The bonds and debt certificates marked (2) in the "Type of clause" column give each bearer of the debenture bond or debt certificate the right of early termination in the event of changes to the shareholder structure that lead to a change in the control of the company. An entity has control if it controls more than 50 % of the subscribed capital or more than 50 % of the voting rights contractually or by other means, whereby - in connection with a concept of "registered partner" - a change in control to (i) Spohn Cement GmbH or (ii) any partner of Spohn Cement GmbH including successors and legatees of partners of Spohn Cement GmbH and persons who are beneficial owners of shares in Spohn Cement GmbH, or (iii) any legal person or foundation or comparable institution managed by such persons to whom shares in HeidelbergCement AG were transferred by persons mentioned under (i) to (iii) is exempted from the regulation regarding a right of early termination.

The bond terms of the six Eurobonds issued in October 2009 as well as in January and July 2010, marked (3) in the "Type of clause" column, give each bond creditor the right, in the event of a change of control as described below, to demand full or partial repayment from the company or, at the company's option, the full or partial purchase of his debenture bonds by the company (or, at the company's request, by a third party) at the Early Repayment Amount (Put), whereby the Early Repayment Amount (Put) for each debenture bond (exclusively) means 101 % of the nominal amount of the debenture bond plus accrued and unpaid interest up to the repayment date defined in the bond terms.

A change of control is deemed to occur when one of the following events takes place:

– the company becomes aware that a person or group of persons acting in concert in the sense of § 2, section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of more than 30 % of the company's voting rights; or
– the merger of the company with or into a third person or the merger of a third person with or into the company, or the sale of all or substantially all assets (consolidated) of the company to a third person, except in connection with legal transactions, as a result of which (A) in the event of a merger the holders of 100 % of the company's voting rights hold at least the majority of the voting rights in the surviving legal entity immediately after such a merger and (B) in the event of the sale of all or substantially all assets, the acquiring legal entity is or becomes a subsidiary of the company and becomes the guarantor for the debenture bonds.

The USD 750 million 6.125 % bond taken out by Hanson Limited, issued on 16 August 2006 and maturing on 15 August 2016, now guaranteed by HeidelbergCement AG, includes a provision whereby not only the direct but also the indirect acquisition of more than 50 % of the shares or voting rights in Hanson Limited may represent a change of control. The acquisition of 30 % of the voting rights in HeidelbergCement AG, which indirectly holds 100 % of the shares in Hanson, could be regarded as an indirect acquisition. A change of control would grant the bearers of this bond a put option at 101 % of the nominal value plus interest against Hanson Limited if, in connection with this change of control, the bond was downgraded below "Investment Grade" by Moody's and Standard & Poor's. As the bond is already classified below Investment Grade, this change-of-control provision is currently not applicable.

In May 2010, the company signed a shareholders agreement, marked (4) in the "Type of clause" column, with International Finance Corporation (IFC), a member of the World Bank Group, and further financial partners of IFC (see section Africa-Mediterrean basin on page 62). This agreement governs the rights of the shareholders in the jointly-held Norwegian holding partnership Scancem International DA, which bundles the main African activities of the HeidelbergCement Group in the countries south of the Sahara. The agreement provides IFC (and its financial partners) with the opportunity of selling their indirect holding in Scancem International DA to HeidelbergCement at a price that corresponds to the reference price mentioned in the agreement or that is to be determined on the basis of an expert opinion, if an "adverse sponsor change in control" occurs. This is defined as a change in control at HeidelbergCement AG, which leads to a mandatory offer, pursuant to the German Securities Acquisition and Takeover Act (WpÜG), for the outside shareholders of HeidelbergCement AG, if the purchaser of the control is either included in one of the sanction lists of the UN, EU, France, US, or the World Bank specified in the agreement, or if the purchaser of the control takes action or makes decisions that would end or compromise the objectives planned with IFC's participation in Scancem International DA, i.e., the modernisation and expansion of the jointly led activities in the countries south of the Sahara.

Agreements also exist in relation to pension schemes in the United Kingdom, which stipulate that a change in control (not contractually specified) at HeidelbergCement AG must be communicated to the trustees of these pension schemes. If, according to the corresponding regulatory guidelines, a change in control imposes a considerable risk to the fulfilment of the pension obligations ("Type A Event"), the trustees can request negotiations on the suitability of the safeguarding of the pension cover and these can be verified by means of a "clearance" procedure before the Supervisory Authority, which may lead to the adjustment of the securities.

With the introduction of the new Managing Board remuneration system in November 2010, the HeidelbergCement AG Supervisory Board has decided, in the event of new contracts and the extension of Managing Board contracts in accordance with the German Corporate Governance Code (point 4.2.3), to agree that a possible redundancy payment in the case of early termination of membership of the Managing Board be limited to 150% of the redundancy pay cap, but at the most to the remuneration for the remaining term of the appointment.

The other details required in accordance with §§ 289, section 4, 315, section 4 of the German Commercial Code (HGB) relate to circumstances that do not exist at HeidelbergCement AG.

Regional branches

HeidelbergCement AG has no regional branches either domestically or internationally.

Dependent companies report

In the course of the capital increase implemented in September 2009, the HeidelbergCement AG shareholder structure changed dramatically. Mr Ludwig Merckle scaled back his majority ownership of the company to 24.42% on 25 September 2009. According to the notification made available to us, Mr Ludwig Merckle held 25.11% of the voting rights as at the end of 2010. The Group is therefore no longer dependant and there is no obligation to create a dependency report for the past financial year.

Events occuring after the close of the 2010 financial year

After the balance sheet date of 31 December 2010, there were no reportable events.

Risk report

Risks and opportunities

HeidelbergCement's 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. Opportunity and risk management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country as well as central Group departments are directly responsible for identifying and observing opportunities at an early stage.

Specific notes on potential opportunities can be found in the Prospects chapter on page 119.

Risk management

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.

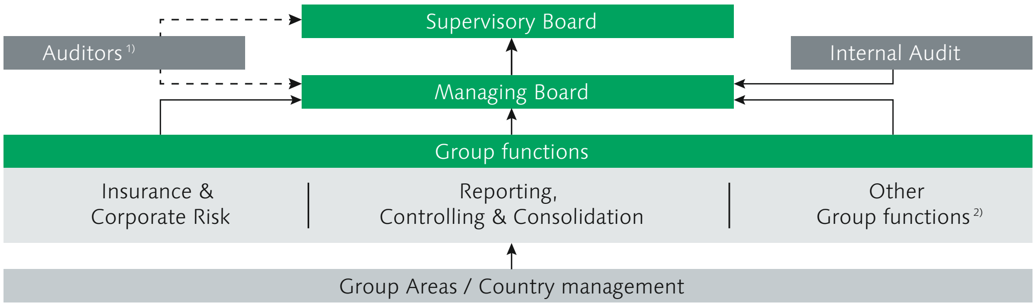
HeidelbergCement has installed transparent regulations of competences and responsibilities for risk management that are based on the Group's structure.

A code of conduct, guidelines and principles apply across the Group for the implementation of systematic and effective risk management. The standardised internal control and risk management system at HeidelbergCement is based on financial resources, operational planning, and the risk management strategy established by the Managing Board. It comprises several components that are carefully co-ordinated and systematically incorporated into the structure and workflow organisation.

The essential elements of the risk management system are:

- documentation of the general conditions for methodical, efficient risk management in a Group guideline. In addition to this Risk Management Policy, the Group's Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- co-ordination of risk management in the Group Insurance & Corporate Risk department;
- managers responsible for corporate risk at country level;
- direct information and open communication of quantified risks between the Managing Board and country management;
- standardised and regular reporting at Group and country level.

Organisation of risk management at HeidelbergCement



1) Part of the annual audit
2) Legal, Compliance, Tax, IT, Treasury, Corporate Finance, Human Resources, Strategy & Development, Marketing & Sales

Risk management process

Identification and assessment of risks

The process of identifying risks is performed regularly on a decentralised basis by the country management and by the globally responsible Group functions. General macro-economic data as well as other industry-specific factors and risk information sources serve as auxiliary parameters for the identification process.

Appropriate thresholds for reporting relevant risks have been established for the individual countries, taking into account their specific circumstances. On the basis of our Group's risk model and according to the defined risk categories, the risks are assessed with reference to a minimum probability of occurrence of 10% and their potential extent of damage. The decline in operating income, which serves as the key parameter for corporate success, presents the scale for the extent of damage.

The risk statement also includes risks that do not have a direct impact on the financial situation, but that can have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly calculated, the potential extent of damage is assessed on the basis of qualitative criteria such as low risk or risks constituting a threat to the Group's existence.

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of serious risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets or natural disasters.

Aggregating, reporting, monitoring and controlling risks

The quantitative, updated risk reports for all business lines in our Group countries are presented to the Managing Board on a quarterly basis within the framework of central management reporting to ensure that risks are monitored in a structured and continuous way. Correlations between individual risks and events are considered at local level as far as possible. The quarterly management meetings provide a platform for the Managing Board and responsible country managers to discuss and determine promptly appropriate risk control measures. Decisions are thus made as to which risks will be intentionally borne independently and which will be transferred to other risk carriers, as well as which measures are suitable for reducing or avoiding potential risks.

The Group Insurance & Corporate Risk department is responsible for co-ordinating the risk management processes. It also carries out an annual survey amongst the Group functions about recording risks. Furthermore, all significant quantitative and qualitative risks for countries and Group functions are summarised once a year in a central risk map and presented to the Managing Board.

Monitoring and adjustments

The Group Internal Audit department systematically examines and assesses risk management to help increase risk awareness. In addition, the auditor carries out an examination of the risk management system as part of the annual audit in accordance with legal guidelines to determine whether the monitoring system is capable of identifying in good time any issues that could threaten the Group's existence. The Managing Board also regularly informs the Supervisory Board about the risk situation.

The internal control system with regard to the Group accounting process

The internal control system within the HeidelbergCement Group includes all principles, processes and measures intended to ensure the effectiveness, cost efficiency and accuracy of the accounting and to ensure observance of the relevant legal provisions.

The internal monitoring system within the HeidelbergCement Group consists of process-independent and process-integrated control measures. The process-integrated auditing activities include controls that are incorporated into the process (e.g. the principle of dual control). Process-independent measures are controls carried out by persons not directly involved in the accounting process (e.g. Group Internal Audit).

Structures and processes

The organisational and management structure of HeidelbergCement AG and its Group companies is clearly defined. The responsibilities and functions within the accounting process (e.g. accounting of HeidelbergCement AG and its Group companies, Controlling, Treasury and Group Accounting) are also clearly separated and defined. The Group's organisational and management structure, the use of suitable software and internal Group requirements form the basis for a uniform, prompt and efficient accounting process.

Key characteristics of the accounting processes and the consolidation

The Group companies generally prepare their annual accounts locally with SAP and Oracle accounting systems and transmit these using a data model that is standardised across the Group and subject to the Group accounting guideline.

To prepare the Group annual accounts, further information is added to the individual accounts of the Group companies and these are then entered into a standardised consolidation programme developed by SAP. All consolidation adjustments, such as the capital or debt consolidation, the expense and income consolidation and the at equity valuation, are then carried out and documented in the consolidation system. The various elements that make up the Group annual accounts, including the explanatory notes, are created entirely from the consolidation programme.

Ensuring that the Group annual accounts and Group management report comply with standards

All departments involved in the accounting process have the requisite qualifications and are equipped in accordance with the requirements. In the case of accounting issues that are complex or require discretionary judgement, external service providers (e.g. appraisers or pension experts) are also appointed. Uniform accounting and valuation is ensured by means of Group-wide guidelines, which are continuously adapted to current developments (e.g. from the Group's economic or legal environment) and changes to the financial reporting framework.

At HeidelbergCement, the accounts data are checked regularly for completeness and accuracy by means of spot checks and plausibility checks, using both manual and IT controls. The accounting process is also checked by integrated controls (e.g. principle of dual control, data analysis).

Process-independent checks are carried out by the Audit Committee of the Supervisory Board and by Group Internal Audit. The latter systematically checks the internal control system for the structures and processes described. Additional process-independent monitoring activities are also performed by the Group auditor and other auditing bodies, such as the external tax auditor.

Complete and accurate accounting is guaranteed by ensuring equipment with a sufficient number of qualified personnel, by employing suitable control and review mechanisms, and by clearly defining areas of responsibility and functions.

Measures for identifying, assessing and limiting risks

In order to identify and assess risks, individual business transactions at HeidelbergCement are analysed using the criteria of potential risk and probability of occurrence. Suitable control measures are then established on the basis of these analyses.

To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Furthermore, organisational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are performed for key accounting figures. The IT systems used for accounting are protected from unauthorised access by means of appropriate security measures.

The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual false assumptions, inefficient controls, and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

The statements made here apply only to the Group companies included in the Group annual accounts of HeidelbergCement AG whose financial and business policies can be determined directly or indirectly by HeidelbergCement AG for the purpose of deriving benefit from the activity of the company.

Risk areas

Risks that may have a significant impact on our assets and financial positions as well as results in the 2011 financial year and in the foreseeable future thereafter are divided into three categories based on the risk catalogue established in the Group: financial risks, market and strategic risks, and operational risks.

Financial risks

Our significant financial risks are currency risks, interest rate risks, refinancing risks, and credit risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Group Treasury department in accordance with internal Group guidelines. All Group companies must identify their risks and hedge them in co-operation with Group Treasury on the basis of these guidelines. The activities and processes of Group Treasury are governed by comprehensive guidelines, which, amongst other things, regulate the separation of trade and the processing of financial transactions. As part of our ongoing risk management, we manage the transaction risk, i.e. the risk of fluctuating prices (e.g. currency exchange rates, interest rates, raw material prices) that may affect the Group's earnings position.

Currency risks

Currency risks arising as a result of transactions with third parties in foreign currency (transaction risks) are hedged in certain cases using derivative financial instruments with a hedging horizon of up to twelve months. We primarily use currency swaps and forward exchange contracts for this purpose, as well as currency options in some individual cases. Currency risks arising from intra-Group transactions in goods are not hedged, as the inflows and outflows in the various currency pairs cancel one another out at Group level to a large extent. Through our in-house banking activities, the borrowing and investment of liquidity of the subsidiaries leads to currency positions that are hedged by means of external currency swap transactions, which are appropriate in terms of maturities and amounts.

In general, we do not hedge currency risks arising from converting the annual accounts of foreign individual companies or subgroups (translation risks). The associated effects have no impact on cash flow, and influences on the Group balance sheet and profit and loss accounts are monitored on a continuous basis. More information on currency risks can be found in the Notes on page 203 f.

Interest rate risks

Interest rate risks exist as a result of potential changes in the market rate of interest and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Group's Chief Financial Officer. By using financial instruments, primarily interest rate swaps, we are able to hedge both the risk of fluctuating cash flows and the risk of value fluctuations. Furthermore, the downgrading of our credit rating by the rating agencies (see Rating on page 75) could increase the interest margins in the event of a refinancing measure. On the basis of the balanced maturity structure of financial liabilities (see diagram in the Prospects chapter on page 116) and the expected cash inflow from operating activities, there is no significant short- or medium-term need to refinance, meaning that no significant effects on the financial results are to be expected. More information on interest rate risks can be found in the Notes on page 203.

Refinancing/liquidity risks

Refinancing/liquidity risks exist when a company is not able to procure the funds necessary to fulfil operational obligations or obligations entered into in connection with financial instruments.

Possible risks from fluctuating cash flows are considered as part of the Group liquidity planning. Assumptions concerning the expected economic cycle harbour particular uncertainties in liquidity planning, which is why we update them on an ongoing basis and simulate them by means of so-called stress tests. On this basis, we can – if necessary – initiate the appropriate measures, such as the issue of additional money and capital market securities or the raising of fresh funds in the bank market. Due to our extensive refinancing measures over the last 24 months, including the establishment of a syndicated credit line of EUR 3 billion, we have access to substantial amounts of cash and cash equivalents and have considerably reduced the refinancing risk. In addition, cash is continuously accruing from operating activities. As an additional precautionary measure, an appropriate amount for increasing shareholders' equity was decided upon at the 2009 and 2010 Annual General Meetings.

The revolving syndicated credit line of EUR 3 billion mentioned above with a term ending in December 2013, of which only EUR 396 million had been drawn upon as at the balance sheet date, is available for financing existing payment obligations. In total, we have EUR 3.5 billion of cash and cash equivalents as well as securities in our portfolio across the Group (see liquidity instruments table in the Group financial management section on page 75). More information on liquidity risks can be found in the Notes on page 201 f.

Credit risks

Credit risks exist when a contractual partner in a business cannot fulfil its obligations, or at least not within the stipulated period. We minimise the risk position arising from this by diversification and ongoing assessment of the creditworthiness of the contracting parties.

Credit risks from operating activities are monitored continuously as part of our receivables management. We apply strict standards with regard to the creditworthiness of our business partners. In this way – as well as by avoiding concentrations of positions – we are able to minimise the Group's credit risks. We minimise credit risks for our financial investments by only conducting transactions with banks that are particularly creditworthy. We select banks for payment transactions and establishing cash pools in the exact same way.

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. Within the framework of Group planning, compliance with the covenants is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms. Depending on the volume of the relevant loan and the refinancing possibilities in the financial markets, this could lead to a refinancing risk for the Group.

On 27 April 2010, the company concluded a new syndicated credit line in the total amount of EUR 3 billion with a term ending on 31 December 2013 (see the Group financial management section on page 71 ff.). This agreement contains covenants, which were adapted to a level that met the requirements of the changed economic environment. More information on credit risks can be found in the Notes on page 201.

Market and strategic risks

Trends in sales markets

Changes in demand obviously present both opportunities and risks for HeidelbergCement. We are confident that the recovery of the global economy will, on a whole, continue in 2011, but that economic growth in the individual regions will still vary greatly regarding magnitude and time frame. Therefore, we expect that a few countries and regions will still be prone to considerable risks in relation to demand and price trends. Global economy recovered much quicker than anticipated in 2010, and as a result, prices for energy and food rose significantly in some countries. Speculations in raw materials, poor harvests and natural disasters exacerbated the upward trend in prices. As a result of an overheating market, analysts consider inflation to be the main risk in countries like Indonesia, India and China. Additionally, there is a risk of inflation spreading from the emerging countries to Europe, the US and Japan.

The demand for building materials is driven by certain fundamental developments. As a result of the global growth in population and wealth, the need for residential property is increasing. Economic growth leads to the expansion of production capacities, storage and office space. Increasing industrialisation brings urbanisation and an increased need for infrastructure, such as roads, railways and ports. Therefore, the demand for building materials is essentially divided into three sectors: private residential construction, commercial construction and public construction. The overall demand depends on the development of the demand in the individual sectors, whereby trends may mutually reinforce or weaken each other.

Demand in private residential construction depends on factors such as access to affordable loans, the trend in house prices and the available household income, which is in turn influenced by additional parameters such as the rate of unemployment or inflation. The development of these factors and thus the demand in this sector is mostly subject to country-specific risks and uncertainties. In the US, the burst of the property bubble led to a high excess of houses and apartments and to a corresponding price collapse. It is still difficult to predict how quickly this excess housing stock can be reduced and when house prices will rise again, and it additionally depends, for example, on the further developments in interest rates. Due to the increasing food prices in Asia, there is a risk that this could negatively impact the revenue available for construction projects and thereby also the investments in private residential construction. In China, risks arise from speculations in urban residential property. The government and central bank have already taken steps to combat overheating in the booming property market, by tightening the monetary policy, for example.

The utilisation of production facilities, office spaces and storage areas is primarily decisive for the demand in commercial construction, and in turn depends on the general order situation both at home and abroad. As a result of the economic crisis, the vacancy rate of office and industrial spaces is still high in some countries, such as in the US. The time frame of the recovery in this sector is still fraught with risk and uncertainty. In particular, increasing interest rates resulting from rising inflation pressure could have a negative effect on economic growth and the future demand for building materials.

Investments in infrastructure such as roads, railways, airports, and waterways fall into the public construction sector. The demand in this sector depends on national budgets and the implementation of special infrastructure funding programmes. Risks exist insofar as countries could cut back on their infrastructure investments in order to reduce some of their national debt. As part of budget consolidation in a few European countries, but also in the US, spending cuts were also announced for the public construction sector, amongst other things. In Hungary, the extent to which investments will be made in infrastructure is uncertain. Rather than investing in the road construction sector, it is expected that water and energy supply projects will be implemented. The new Czech government has also frozen planned investment projects in their preparation phase and has subjected them to a review. Noticeable growth in income from state-funded projects will only materialise with a further time delay. In Germany, the infrastructure funding programme expires in 2011. The scope of the cutbacks and their effects on the demand for building materials cannot be predicted with absolute certainty.

Building materials are characterised by heavy weight in relation to the sales price and are thus not transported overland for long distances. Excess cement volumes are traded by sea on a regional level as well as between individual continents. If the difference of the price level between two countries, with connection to the sea trade, is so high that it exceeds the transportation costs, there is a danger of increased import pressure and thus of a price drop in the importing market.

We counteract risks from trends in sales markets with regional diversification, increased customer focus, the development of special products and, to the extent possible, with operational measures: for example, we adjust the production level to the demand situation and use flexible working time models. In order to further improve relationships with our customers and to respond to country-specific needs, HeidelbergCement carries out customer surveys across the Group and expands research and development operations at Group level.

Seasonal demand fluctuations

A significant risk in building materials sales volumes results mainly from seasonal demand, especially because of the dependency on weather conditions. Weather-related sales volume fluctuations can vary over the year, but can also affect the sales of the year as a whole. Harsh winters with extremely low temperatures or high precipitation in the form of rain or snow impact construction activity or even bring it to a standstill, thereby having a negative effect on the demand for building materials. We counteract this risk with regional diversification, demand-oriented production scheduling and flexible working time models. In 2010, severe winter weather in the first quarter and an early, harsh start of the winter in Europe in December adversely affected the sales volumes of our building materials. In addition to winter weather, monsoons in some of our Group countries, such as India, are also counted amongst the seasonal weather conditions that impact the sales volumes of our products.

Risks from acquisitions and investments

Capacity expansions from acquisitions and investments ensue opportunities, but also risks. HeidelbergCement constantly monitors the market environment with respect to embarking on suitable acquisitions or partnerships. In addition, market potential and raw material deposits are also systematically analysed and turned into proposals for investment projects. We place very high return requirements on every acquisition or investment decision across the Group, which are explained in the Strategy, management control and targets chapter on page 43 ff. Significant investment and acquisition projects are also subject to subsequent checks.

In the case of acquisitions, risks may arise from the integration of employees, processes, technologies and products as well as risks unknown at the date of acquisition. Acquisitions can also affect the debt to equity ratio and financing structure as well as lead to increases in fixed assets, including goodwill. In particular, impairments of goodwill due to unforeseen business trends can lead to burdens.

Investment projects can span over several years from the planning phase to completion. In this process, there are particular risks when it comes to obtaining the necessary permission for mining raw materials or developing infrastructure, including connecting to energy and road networks, as well as risks concerning the requirements for subsequent use plans for quarrying sites.

In the case of future acquisitions, partnerships and investments, there is a risk that political restrictions may only allow them to be implemented under complicated conditions or may prevent them at all. A resulting shortage in capacity expansion projects could affect the growth prospects of HeidelbergCement. Against this backdrop, we look for suitable partners, particularly in politically unstable regions, in order to minimise financial burdens and risks and to better exploit opportunities.

External risks

As is the case for all companies, potential turmoil in a political, legal and social context poses fundamental risks. Natural disasters, pandemics or terrorist attacks also represent a theoretical danger to the Group's financial and earnings position. Appropriate compensation limits of our Group-wide property insurance programme guarantee comprehensive coverage against natural disasters, including earthquakes, for our activities in heavily endangered regions of North America and Asia. Fortunately, the earthquake in Indonesia in October 2010, which led to the eruption of Mount Merapi and to a tsunami, did not affect our local employees or production sites. Also in 2010, loss experience showed positive development in all areas across the Group, despite minor flood damages in Poland and Australia.

Political risks

HeidelbergCement operates in more than 40 countries around the world and is therefore also exposed to political risks such as nationalisation, prohibition of capital transfer, terrorism, war and other unrest. In countries with good growth potential, such as Russia, India and China, conflicts could also be triggered by geopolitical competition. At a number of HeidelbergCement locations, our management cannot rule out certain security risks because of internal political circumstances. In isolated cases, like Ghana, for example, cement prices are subject to state regulations.

Risks resulting from the development of excess capacities

The cement industry builds up its capacities in the markets of Eastern Europe, Asia and Africa in order to benefit from economic growth and the rising domestic demand driven by increasing wealth. HeidelbergCement is likewise pursuing a capacity expansion programme in the cement sector and, in the course of this endeavour, is focusing on local markets with exceptional growth potential. In 2011, we are planning to commission our new cement plant in Tula, which will supply the Moscow area with cement. Competitors are also building up new capacities in the same region. If the capacity increases in the markets in which we operate exceed the growth in demand, there is a risk that the prices will drop, which has negative effects on turnover and operating income.

Prior to capacity expansion projects, HeidelbergCement reviews both the market environment and market potential and responds to excess capacities by means of cost saving and efficiency improvement programmes, capacity adjustments and location enhancements.

Operational risks

Volatility of electricity and fuel prices

For an energy-intensive company such as HeidelbergCement, a considerable risk results from price trends in energy markets, which are extremely volatile and can barely be influenced. Energy and electricity prices have significantly increased again across the globe due to the economic recovery.

The price of coal is expected to rise as a result of the flood-related production losses in the Australian mining industry. In addition to the energy price increases, infrastructural bottlenecks also pose a common risk with regard to electricity supply, especially in Africa. In a few countries, risks also arise from cutbacks in state subsidies for electricity or from the state regulation of oil and gas prices.

The energy price risks are minimised across the Group by means of the pooled and structured procurement processes of our purchasing organisation. Furthermore, we rely on the increasing use of alternative fuels and raw materials. In this way, we minimise price risks while reducing CO_2 emissions and the proportion of energy-intensive clinker in the end product cement. The Group-wide "Operational Excellence" project, which was launched in the summer of 2010, aims to sustainably increase the efficiency of the cement production process. By means of a reduced and optimised consumption of electricity, fuel and raw materials, we are directly impacting energy costs.

Availability of raw materials and additives

HeidelbergCement requires a considerable amount of raw materials for cement and aggregates production, which is ensured by our own high deposits. In order to emphasise the key role of raw materials in our company and to facilitate the transfer of expertise beyond national borders, we have bundled the area of geology across the Group into HTC Global (see the Research and technology chapter on page 107) in 2010. There is, however, potential for certain risks in particular locations with regard to obtaining mining concessions. In Malaysia, for example, the expansion of urbanisation may prevent a quarry from further operating and the necessary permissions may be refused in the short term. Furthermore, ecological factors and the fulfilment of environmental regulations play a role when it comes to accessing raw material deposits.

Availability and prices of the additive blast furnace slag, which is used in cement manufacturing and is a by-product in steel manufacturing, are subject to economic fluctuations. As a result of the good order situation in the steel industry, the supply of blast furnace slag is guaranteed for 2011. As a precaution against future declining volumes, we are optimising our stock holding and range of cement types.

Production-related risks

The cement industry is a very facility-intensive industry with complex technology for storing and processing raw materials, additives and fuels. Due to accident and operating risks, personal injury or material damages may occur and business interruptions or environmental pollution may arise. In order to avoid the potential occurrence of damage and the resulting consequences, we have installed various surveillance security systems in our plants as well as integrated management systems. To identify the threat of potential dangers, it is imperative that every employee has a strong sense of risk awareness and that regular training is conducted in this respect.

HeidelbergCement's risk transfer strategy sets retention amounts for the main insurance programmes that have been adjusted to the size of the Group and are based on many years of failure analyses. The international liability insurance initiative intends from 2011 to optimise the cover and liability limit particularly for risks resulting from environmental damage.

Regulatory risks

As part of the European climate package adopted in December 2008, which concerns the reduction of greenhouse gas emissions, ambitious goals have been set by the European Parliament and the European Commission with regard to climate protection. The cement industry, like other CO_2-intensive industry sectors, will not be affected by the full auction of emission rights from 2013. The emission rights will thus continue to be allocated free of charge, but by 2020 their quantity will have been reduced by 21% compared with 2005. The emission certificates are to be allocated on the basis of demanding, product-specific benchmarks. A rise in climate protection cost may be assumed as the total volume of certificates continues to decrease. In the long term, this may create additional burdens in Europe as a result of higher manufacturing costs and therefore clear competitive disadvantages in comparison with producers from countries not involved in emissions trading.

Emissions trading in the US state of California is also scheduled for introduction from 2012, according to the European model. A cap-and-trade initiative governs the maximum limits of CO_2 emissions and permits companies to trade with emission rights.

The National Standards for Hazardous Air Pollutants (NESHAP) issued in the US in September 2010 could have a negative impact on the competitive position of our American plants if there is no harmonisation, e.g. with EU regulations.

Climate protection and reducing CO_2 emissions are a focus of HeidelbergCement's sustainability strategy. By increasing energy efficiency, developing cement types with a lower proportion of clinker and using alternative fuels such as biomass, we were able to reduce our specific net CO_2 emissions from 1990 to 2009 by more than 19%. Additional measures concerning climate and environmental protection are described in the Environment precaution chapter on page 104 ff. and the Research and technology chapter on page 106 ff.

Personnel risks

Personnel risks are divided into four areas: the turnover of qualified employees and managers in key positions, difficulties in filling key positions, assurance of the required qualifications and skills of the workforce, as well as problems with laying off personnel. We consider these to be low-level risks. Occurrence of these risks would have a negative effect on turnover and results in the medium to long term.

When it comes to reducing these risks, we rely on:

- our distinctive corporate and management culture,
- attractive variable performance and result-oriented remuneration elements,
- consistent substitution regulations,
- university partnerships at home and abroad as well as international recruitment,
- targeted and need-based development of skills,
- strategic successor planning,
- sustainable personnel policy through the incorporation of all relevant interest groups, and
- professional, integrated personnel management.

Sustainability and compliance risks

As part of sustainable corporate governance, HeidelbergCement particularly avows to protect the environment, preserve resources, conserve biodiversity and to act in a socially responsible way. The compliance of current legal and Group regulations forms an integrated part of our corporate culture and is therefore a task and an obligation for every employee. Violations against our commitments within the framework of sustainability or against laws and Group guidelines pose direct sanction risks in addition to a considerable risk to the Group's reputation, and can have significant effects on our results, assets and financial position. We have implemented a compliance programme across the Group to ensure conduct that is compliant with both the law and Group guidelines. This comprises, amongst other things, informational leaflets, a compliance hotline and employee trainings, which are conducted using state-of-the-art technologies and media such as electronic learning platforms, and which focus on the risk areas of antitrust and competition legislation as well as anticorruption regulations.

IT risks

The business processes (administration, sales, etc.) of HeidelbergCement are increasingly supported by information systems. Risks mainly arise from the unavailability of IT systems, the delayed provision of important data, and the loss or manipulation of data. To minimise these risks, our Group uses comprehensive IT systems, back-up procedures, as well as integrated and standardised IT infrastructures and applications. The systems used for information security are reviewed on an ongoing basis.

All important server systems (e-mail, application servers, data bases) and all PCs are constantly protected against potential threats by means of up-to-date antivirus software. In addition, operating system platforms and critical business applications are regularly updated.

Information security is a central part of the Group-wide IT strategy and is viewed comprehensively: we prepare, implement and revise measures to protect data, applications, systems and networks. One particular focus is access protection as well as the monitoring and filtering of data traffic. The IT security process is structured and divided into a series of guidelines, standards and recommendations.

A continuous improvement process facilitates corrections, amendments and a sustainable efficiency increase in security measures. We also take measures to counteract the ageing process of equipment and system technology. In the case of existing applications, we are particularly concerned with business-critical resources (e.g. ERP applications, WAN infrastructure), which are updated or replaced in a consolidation programme.

Legal risks

Hanson asbestos-related claims and environmental damage

Some of our Hanson participations in the US are exposed to particular legal risks and disputes relating to former activities. The most significant of these are the numerous asbestos-related claims, which, amongst other things, allege bodily injury and involve several American subsidiaries. Products containing asbestos were manufactured in the period from 1973 to 1984, and thus before these companies belonged to the Hanson Group and to HeidelbergCement. In the US, these damage claims are being handled and intensively managed by a team of in-house lawyers in collaboration with insurers and external consultants. The dispute is likely to continue for a few more years due to the complexity of the cases and the peculiarities of the American legal system. Adequate provisions have been formed on the basis of an extrapolation of the claims, the existing liability insurance coverage and reliable estimates of the development of costs.

Furthermore, there are a considerable number of environmental and product liability claims against former and existing Hanson participations in the US, which relate back to business activities discontinued a long time ago. There is partly insufficient insurance cover for law suits and liability loss claims relating to toxic substances such as coal by-products or wood preservatives. Our subsidiaries may also be charged further fines set by the court in addition to the clean-up costs and the compensation; there is, however, a possibility to settle authorised claims for compensation outside of court. Sufficient financial provision has been made for this event.

Cartel proceedings

In the cartel proceedings initiated in 2002 against German cement companies, the Düsseldorf High Court (Oberlandesgericht) imposed a fine of around EUR 170 million against HeidelbergCement in June 2009; an appeal against the fine has been lodged with the Federal Supreme Court in connection with the breach of various procedural and material regulations. A decision is yet to be made on this matter. The proceedings before the Federal Supreme Court will not result in any increase in the fine. No decision has yet been made regarding the action for damages brought by the Belgian company Cartel Damage Claims SA before the District Court (Landgericht) of Dusseldorf, which is based on allegedly inflated cement prices as the result of a cartel between 1993 and 2002. Even after the decision of the Düsseldorf High Court, HeidelbergCement believes that it still has a chance of defending itself successfully against the action. Appropriate financial provision has been made for the two proceedings. In November 2008, HeidelbergCement was confronted with additional cartel allegations, with reviews conducted by the European Commission at locations in Germany, Belgium, the Netherlands and the United Kingdom. The investigations of HeidelbergCement and its external lawyers into the circumstances have not confirmed the alleged antitrust violations. The proceedings were continued with the transmission of questionnaires at the end of September 2009 and additional enquiries in 2010, which HeidelbergCement answered by the respective deadlines. In December 2010, the European Commission informed HeidelbergCement that in this connection, proceedings had commenced in several EEA countries on the basis of suspicions concerning the violation of EU competition legislation. The notice from the Commission reads in part: "The initiation of proceedings does not imply that the Commission has conclusive proof of the infringements, but merely signifies that the Commission will deal with the case as a matter of priority."

These and other proceedings motivate us to continuously review and develop intensive internal precautions, particularly regular training initiatives – by means of modern IT media, amongst other things – in order to avoid cartel law violations.

Assessment of the overall risk situation

As the global economy has started to stabilise, we predict a further reduction in the overall risk for the HeidelbergCement Group in 2011. However, despite the improvement of prospects for global economic growth, future development is still associated with risks and uncertainties.

Risks resulting from volatile energy and raw material prices as well as exchange rates could also reach a high level in 2011. Furthermore, a considerably narrower capital market resulting from a global investment boom could increase the real interest rates and thus capital costs as well. Generally speaking, the stability of the global finance system is currently still characterised by numerous uncertainties.

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.

Sustainability at HeidelbergCement

The commitment to sustainable development is a pillar of HeidelbergCement's corporate strategy. The creation of economic added value, ecological competence and social responsibility secure the Group's future viability. For us, sustainable corporate governance means ensuring a balance between making profit and securing future viability. We strive to act in a socially and ecologically responsible way. We take into account the effects of our entrepreneurial activity on the environment and society, and thereby reduce the risks for our business. Our sustainability strategy is thus derived from our corporate profile.

Sustainability strategy and management

As a commodity company, people, nature and society are the focus of our sustainability strategy. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for our future development. In the same way, our obligation to prevent employees from work-related dangers and to protect their health has become an integral part of our activities for many years. Last but not least, acting in a sustainable way for us also means taking on social responsibility at our locations.

In order to make improvements, particularly in the areas of environmental protection and occupational health and safety, and to promote the exchange of information between the regions and business lines, the Group Environmental Sustainability Committee was founded in 2008. Under the lead management of the Global Environmental Sustainability department, 16 experts from the various business lines and Group areas define guidelines, goals and measures and coordinate their implementation.

The key tool for our sustainability management are the Sustainability Ambitions 2020. They describe our obligation together with goals and measures on six main topics, which are intended to ensure sustainable growth across the Group.

HeidelbergCement Sustainability Ambitions 2020 [1)]

Obligation	Examples for the implementation by 2020
We give highest priority to occupational health and safety.	HeidelbergCement aims to reduce the number of accidents, injuries and occupational illnesses to zero.
We consider climate protection as a key issue.	HeidelbergCement continuously strives to lower its greenhouse gas emissions and offers solutions to adapt to the effects of climate change.
We make a significant contribution to preserving biodiversity.	HeidelbergCement aims to establish a leading role in the promotion of biodiversity at its quarrying sites. All active quarrying sites will receive subsequent use plans and 50% of them will have biodiversity management plans.
We promote sustainable construction.	HeidelbergCement promotes sustainable construction by being an active member in all existing Green Building Councils in our Group countries. We are committed to delivering sustainable building materials that have a positive impact on society and the environment throughout their lifetime and afterwards. We want to recycle building materials and increase, for example, the amount of recycled material in asphalt to 10%.
We use waste as a resource.	We minimise the use of natural resources and offer solutions for sustainable waste management by using waste materials and by-products as alternative raw materials and fuels. In our cement business, we want to increase the amount of alternative fuels to 30% and replace 30% of the amount of clinker in cement with alternative raw materials.
We further reduce other environmental impacts.	HeidelbergCement aims to be best in class in managing and minimising its environmental impacts. In comparison with 2008, we want to reduce dust emissions by 35% and nitrogen oxide and sulphur dioxide emissions by 10% each. All production sites are to undergo regular audits.

1) The Sustainability Ambitions 2020 can be found at www.heidelbergcement.com/Sustainability/Sustainability strategy.

Employees and society

Employee development

Employees worldwide

At the end of 2010, the number of HeidelbergCement's employees amounted to 53,437 (previous year: 53,302). The increase of 135 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 and Russia because of the first-time consolidation of the cement activities in the Democratic Republic of Congo and of the CJSC "Construction Materials" cement plant in the Republic of Bashkortostan.

Employees by Group areas

31 December	2009	2010	Change
Western and Northern Europe	14,640	**14,302**	-2.3 %
Eastern Europe-Central Asia	9,481	**9,959**	5.0 %
North America	12,601	**11,899**	-5.6 %
Asia-Pacific	14,030	**13,682**	-2.5 %
Africa-Mediterranean Basin	2,499	**3,539**	41.6 %
Group Services	51	**55**	7.8 %
Total	53,302	**53,437**	0.3 %

Personnel costs and social benefits

Expenditure on salaries, social security contributions, as well as pension scheme contributions and social aid rose by 2.2 % in comparison with the previous year to EUR 2.086 million (previous year: 2,042). This corresponds to a share in turnover of 17.7 % (previous year: 18.4 %).

Personnel costs

EURm	2009	2010	Change
Wages, salaries, social security costs	1,891.9	**1,991.3**	5.3 %
Costs for retirement benefits	94.5	**71.4**	-24.4 %
Other personnel costs	55.1	**23.5**	-57.4 %
Total	2,041.5	**2,086.2**	2.2 %

Communicating with employees

Qualified and motivated employees are an important prerequisite for the sustainable success of HeidelbergCement. The core of our Group-wide personnel policy involves identifying our employees' talents, developing them and – in competition with other companies – also retaining our employees within the Group. This is supported by the HeidelbergCement competence model, which defines the requirements for the employees. It enables the respective superiors to perform systematic, Group-wide assessments of performance and potential in accordance with standardised regulations and serves as a basis for strategic development of managers and succession planning. Superiors and employees discuss development opportunities and prospects within the framework of structured appraisal interviews. The dialogue is primarily targeted at upper and middle management, those in specialist roles and future executives. We aim to achieve the following three goals:

– to internally fill key positions with top-class candidates worldwide,

– to develop top talents at HeidelbergCement in a targeted way,

– to retain employees in the Group for the long term by means of personalised development planning.

Ongoing training

Sustainable personnel work means investing in training, even during times of difficulty, i.e., employing and training qualified talents. In Germany, the training quota remains unchanged at 6.5%. Thus, we traditionally train beyond our needs. The percentage of apprentices we take on is 76%.

Technical skills are essential in ensuring the functionally sound operational management of process technology and maintenance in our plants. In addition to technical training, we also offer every year master classes at the German Cement Works Association (Verein Deutscher Zementwerke e.V.).

Our extensive training programmes in virtually every work area are characterised by practical learning and therefore serve as the best prerequisite for ongoing development, both professionally and personally.

Management training

The motivation and skills of our managers play a crucial role in determining how well HeidelbergCement positions itself among its global competitors and how prepared the Group is for future challenges. In order to prepare our managers for their future tasks, we offer training programmes tailored specifically to the needs of our Group. This applies to both traditional topics such as strategy, leadership and management, or the method of capital expenditure budgeting, and to special training topics, e.g. in the area of technology. Uniform training content ensures that a common understanding of strategy, integrated management approach and leadership is developed everywhere.

As part of a strategic Group-wide initiative, we aim to further develop the skills of our top managers. For this purpose, we have enhanced our current programmes, both conceptually and in terms of content, in co-operation with Duke Corporate Education, one of the leading business schools for customised advanced training for managers. Between 2011 and 2014, 500 managers from across the Group will go through a three-stage curriculum focusing on general management and leadership as well as global, regional and local issues, lasting nine months. Members of the Managing Board will actively partake in all modules through discussion forums and with their own presentation contributions.

Securing and advancing future executives

Despite the difficult economic environment, the advancement of future executives was consistently pursued in 2010. We offer highly motivated and qualified university graduates international trainee programmes focusing on the following areas: technology, sales, finance, personnel, purchasing and IT. In total, 122 people take part in these programmes. We now also offer a specific curriculum for highly qualified engineers: Upon completion of the Engineer in Training Programme, the trainees go through several years of specifically defined technical training stages in various plants both in Germany and abroad – supplemented by advanced training in general management and leadership – in order to prepare them for higher engineering positions.

Demographic development

Our Group is increasingly faced with the consequences of demographic change. We have analysed the capacity and ageing effects arising from demographic development for the middle and upper management worldwide. The analysis shows that more than two thirds of our workforce is less than 50 years of age and around 14 % of our employees are younger than 30. The majority is aged between 30 to 49, making up around 55 % of the Group's total workforce. 31 % our employees are above 50 years of age.

We have already taken initial steps in the areas of health management and training to maintain the performance of our employees. As a pilot project, we have launched a health initiative in Germany, which includes a prevention programme for identifying illnesses and risk factors at an early stage, but which primarily focuses on the initiative of individuals to adopt a healthy lifestyle.

Diversity

We understand diversity as a management concept, which, through team work and the inclusion of various cultures, talents and horizons of experience, creates a personnel setup that mirrors our presence in the international markets, our client structure and our business environment. The goal is to advance and acquire highly qualified and motivated employees around the world who advocate various social and technical skills for our company and thus contribute to the success of the Group. A good example of this is the international personnel structure at the locations of our headquarters and the technical centers Heidelberg Technology Center and Competence Center Materials in Heidelberg and Leimen. From a total of around 700 employees in these locations, more than 130 come from 35 different countries.

We are also mindful of diversity when filling management positions in the Group. The international composition of our management team enables us to benefit from various horizons of experience and different cultural backgrounds, thereby allowing us to respond flexibly to both global challenges and local market needs. The proportion of local managers at the upper management level is 80 %. We are able to sustainably guarantee this distinctive international composition in the Group by continuously recruiting and training talented graduates worldwide.

To aid diversity, we believe it is important for management positions to be held by both men and women, thereby providing a true reflection of our employee structure. Within the Group, the proportion of women made up around 15 % of the total number of personnel, and in upper management positions approximately 8 % in 2010. In Germany, women represent around 17 % of the total personnel and in upper management positions around 5 %. To increase the number of women in management positions, we focus on promoting women through our advancement of future executives programme. The proportion of women in our advancement programmes of future executive currently accounts for around 15 % Group-wide and around 28 % in Germany.

We consider the diversity of our management team's composition and the focus on commitment, technical expertise and conformity with our corporate values to be the main advantages in global competition.

Work-life balance

In the race for the best employees, we adapt ourselves globally to changing lifestyles. In terms of what we offer insofar as encouraging a work-life balance, we focus on models such as flexitime, part-time and leave of absence. The part-time ratio at HeidelbergCement AG is 9.3 %. On the basis of the typically low number of employees at our locations, co-operation with external networks has proven itself in terms of children's day care, caring for family members, or, for example, holiday camps for children. Employees benefit from having easy access to a professional and flexible network at reasonable costs.

For our numerous foreign employees at the Heidelberg/Leimen location, we have launched an "Expatriate Network Day" as part of an initiative to help people to help themselves. The company supports a network of employees, friends and family members that was founded especially for this purpose, to help with the integration into the Rhine-Neckar metropolitan area, e.g. in looking for places to live, dealing with administative authorities, nursery/school affairs, etc.

Global management survey

As part of a management survey in 2010, we asked 1,200 managers worldwide about issues such as Group strategy, management and leadership understanding, Group values and the workplace. Answers to questions on strategy, corporate culture, corporate governance and managerial conduct proved particularly positive. After analysing the responses (rate of return: 87 %), we have introduced over 200 individual initiatives worldwide, which are aimed at improving the working environment. The focus lies on campaigns to optimise personnel development and co-operation across business lines and functions. In the follow-up survey in 2012, the managers shall assess the implementation of these measures.

We have also used the management survey in a targeted way to measure the success of the Hanson integration. The outcome shows that we have made major progress and developed a mutual understanding regarding all fundamental issues.

Result-oriented remuneration system

If you expect performance, you need to create a suitable environment. This involves an appealing remuneration system. Alongside fixed salaries governed by a collective agreement or an individual work contract, HeidelbergCement AG employees also receive variable remuneration elements based on their individual performance and on corporate success. In the case of managers, we consciously aim to achieve a high variable element as part of the total remuneration in order to observe, in a clear and direct way, collective and personal performances as well as corporate success. The employees in our foreign subsidiaries benefit from attractively designed remuneration systems that relate to the respective local market conditions.

Occupational health and safety

Group guidelines

Over the past few years, the main priority with our Group guidelines on Working at Heights and Machine Safety has been on the production area. Our focal point for 2010 has been transport safety and safety in construction projects. With the Driving Safety guideline, we have implemented the recommendations of the Cement Sustainability Initiative, which HeidelbergCement helped to create. The analyses of the work group, which has been managed by HeidelbergCement and another member company of the Sustainability Initiative since the beginning of 2010, have shown that the majority of deaths reported in our industry on a percentage basis are traffic accidents on the plant grounds or on public roadways. Unfortunately, this has also been the case for HeidelbergCement in recent years. The Group guideline now sets globally standardised regulations for drivers and management with which we aim to preemptively avoid such accidents. Our goal is to gradually implement the necessary measures by the end of 2014.

Mandatory minimum requirements for occupational health and safety within our global construction projects have been in place at HeidelbergCement for many years now. To enable us to carry out these projects – which often involve several hundreds of employees from external companies and of varying nationalities simultaneously working together on one site over a long period of time – without any accidents, extensive measures on both the part of the contractor and of the employer are required. We have analysed the experiences we have gained from previous projects and revised and amended our documentation accordingly. The updated requirements should ensure that future construction projects around the world also meet our safety standards.

Safety film and poster campaign

In spring 2010, we produced a safety film relating to actual accidents that had occurred within the Group. The film, which is available in 18 languages, is being used across the Group for training purposes. We want to use this to raise awareness of the dangers of everyday situations in working life. Our poster campaign serves the same purpose. For all Group guidelines, we have created uniformly structured posters, which were translated into the respective languages of each country and distributed Group-wide for use in training.

Accident trends

Although we were able to reduce the accident frequency and accident severity rate in 2010, we didn't make as much headway as we had hoped to achieve. It is with regret that we had to report the deaths of five Group employees and ten employees from external companies. We have examined all accidents in order to identify their reasons and prevent further accidents at the accident site and at Group level by taking appropriate countermeasures. In this respect, we consistently use our internal safety network. In order to achieve our ambitious goal of an accident-free Group, we will take further measures in the future both locally and at Group level. As our accident analyses show that human error often plays a significant role when it comes to accidents, we will also focus more on measures concerned with changing behaviours.

Occupational health and safety

	2006	2007	2008	2009	2010
Accident frequency rate [1]	7.4	5.8	4.8	4.6	**4.3**
Accident severity indicator [2]	191	154	132	167	**146**
Fatality rate [3]	0.3	0.6	0.9	1.7	**1.1**

1) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours
2) Number of lost working days resulting from accidents suffered by Group employees per 1,000,000 working hours
3) Number of fatalities of Group employees per 10,000 Group employees

Social responsibility

By employing local people and using local suppliers and service providers, HeidelbergCement contributes to the creation of value at its locations. With wages, investments, purchasing and taxes, we promote economic development in these places.

Our social responsibility, however, is not just reflected in our business processes. On the contrary, we are convinced that companies also take on an increasingly significant role when it comes to fulfilling social tasks.

Commitment at HeidelbergCement is geared towards proximity to core business. We support areas in which we have the greatest expertise and can achieve the best results for the benefit of the community. This is why we support local projects with a focus on Education-Building-Environment and have established corresponding principles in our Corporate Citizenship guideline.

Regardless of these principles, in January 2010, we supported the aid programmes for the earthquake victims of Haiti by donating EUR 100,000 to the Red Cross. The funds were used to build and operate a mobile hospital and to supply it with drinking water.

In Górazdze/Poland, we have been supporting health-promoting initiatives for many years. These include sports events in the quarry, for example. In April 2010, a Nordic walking competition was held there, and the newly constructed professional Nordic walking course, which partially runs by the quarry's nature trail, was inaugurated. In Hungary, we financed the reconstruction of the historical Calvary in Pécs, the 2010 European Capital of Culture; we carried out the project together with the city and in keeping with biodiversity and nature conservation.

In Africa, we have been already supporting the construction of schools and hospitals or making contributions to their upkeep for many years. In 2010, for example, we financed the construction of extra classrooms in a primary school near our plant location of Dar es Salaam, Tanzania. We also supported pupils and students in several countries with scholarships and with payment of their course fees.

Environmental precaution

As an active member of the Cement Sustainability Initiative of the World Business Council for Sustainable Development, HeidelbergCement takes its responsibility for the sustainable development of its business activity seriously. Over the last few years, we have made remarkable progress, particularly with regard to reducing our CO_2 emissions and environmental effects, utilising waste materials as fuels, and promoting biological diversity at our quarrying sites. These improvements are promoted by the HeidelbergCement Sustainability Ambitions 2020, which describe the Group's main sustainability issues and goals (see page 97).

Biodiversity

HeidelbergCement wants to consolidate its worldwide leading role in the promotion of biodiversity at quarrying sites. In Europe, we already issued a mandatory guideline in 2009 concerning biodiversity management. As a result, numerous pilot projects were launched in 2010. The goal is to install a biodiversity management plan for all quarrying sites that are related to the EU Natura 2000 network. In this way, we can ensure the long-term supply and production of raw materials and manage this within the framework of strict environmental legislation. In the reporting year, biodiversity management plans were developed for a total of 50 locations.

Our public-private partnership project in Georgia, which we are running together with the German Federal Ministry for Economic Co-operation and Development and the German Society for Technical Co-operation (GTZ), focuses on the restoration and preservation of biological diversity using modern renaturation methods. The project is progressing successfully with active involvement from all stakeholders and particularly from local communities.

In the Asia-Pacific Group area, we have published a guidance document on the subject of biodiversity and rehabilitation taking into account the biodiversity specifics of the region. It is intended to serve the sustainable restoration of quarrying sites in consideration of biological diversity.

In Africa, HeidelbergCement initiated another public-private partnership project with GTZ in the reporting year. The aim is to promote the afforestation and sustainable land use around the quarrying sites of our subsidiary Tanzania Portland Cement Company, whose production site is located near the harbour city of Dar es Salaam.

We are also implementing several biodiversity projects in North America; for example at our quarry in Romeoville/Illinois, where we are developing and implementing together with the authorities a plan to protect the habitat of the endangered Hine's Emerald dragonfly.

Our Sechelt quarry in British Columbia, Canada, was the first sand and gravel operation that received the prestigious "British Columbia Jake McDonald Mine Reclamation Award" in 2010. The quarry was recognized for its innovative and comprehensive reclamation and environmental protection measures.

Sustainable construction

HeidelbergCement and its subsidiaries are working with Green Building Councils around the world to develop certification systems for sustainable buildings and to make the design, construction, and management of the buildings in a more sustainable way. In the reporting year, HeidelbergCement joined the Romanian, Swedish and Polish Green Building Councils and became a founding member of the Norwegian Green Building Council.

The process of recycling concrete and asphalt rubble already forms part of our standard of good practice for sustainable construction. HeidelbergCement seeks also to expand its recycled aggregates activities, where it makes sense both ecologically and economically.

HeidelbergCement also invests a great deal in product innovations. The workforce in the Research and Development department of HTC Global (see page 108) has been reinforced in order to offer further innovative and sustainable solutions for the construction sector. Group-wide, there are already numerous product innovations for sustainable construction, for example, pervious concrete paving blocks AquaFlow®, which is used e.g. for stormwater control, or photocatalytically active cement TioCem®, which breaks down nitrogen oxides and other air pollutants under the influence of light.

Last but not least, by signing the "Manifesto for Energy Efficiency in Buildings" of the World Business Council for Sustainable Development, our Group has also pledged to improve energy efficiency in its office buildings.

Use of alternative raw materials and fuels

HeidelbergCement regards waste materials and by-products from other industries as valuable raw materials and fuels for the production of cement. With alternative fuels in the fuel mix reaching 21.5 % in 2010, HeidelbergCement remains the front runner among the major international cement manufacturers.

We have also further increased the processing and use of hazardous waste. One of the factors that made this possible was the commissioning of a state-of-the-art waste processing plant in Belgium in the summer of 2010. Use of hazardous waste also increased in German and Indonesian cement plants, primarily old paints and varnishes, used oil filters and roofing felt. At an internal conference held last year, experts from various Group areas were able to exchange their experiences and practical examples.

We increased the use of sewage sludge in North America, China and Turkey. Successful trials with sewage sludge were conducted in various plants in Belgium and Germany. We also increased the use of plastic waste considerably in Hungary and Northern Europe.

Climate protection

Climate protection is at the heart of HeidelbergCement's environmental policy. As an energy-intensive company, we have been striving for many years to minimise our CO_2 emissions. Between 1990 and 2009, we reduced our specific net CO_2 emissions by more than 19 % to 631 kg CO_2 per tonne of cement. Compared to 1990, we want to reduce our specific net CO_2 emissions by 23 % by 2015.

We are working intensively on the development and implementation of innovative solutions for reducing CO_2 emissions. In many countries, we are a leader in the use of biomass as fuel; we also promote forward-looking projects for CO_2 capture and storage – including at our Brevik location in Norway. Our joint implementation project, with which we aim to reduce CO_2 emissions by using alternative fuels in our Ukrainian plant of Kryvyi Rih, was officially approved by United Nation's officials in October 2010.

Reducing other environmental effects

In line with the goals set out in our Sustainability Ambitions 2020, we are implementing certified environmental management systems pursuant to ISO 14001 in all our cement plants.

Continuous investment in environmental protection remains the focus of our environmental policy. At our Norwegian cement plant in Brevik, we installed a gas scrubber to reduce sulphur dioxide, and in North America, we invested a considerable amount in new technologies for reducing emissions. At our Polish cement plant in Górazdze, we are currently modernising the second kiln line to make it possible to cover up to 70 % of energy requirements with alternative fuels. The modernised water treatment system at our cement plant in Kakanj, Bosnia-Herzegovina, has enabled us to significantly reduce the consumption of water. For our plants in Africa, we have developed a water conservation plan, which is currently being implemented on a location-specific basis by means of water management plans. We are also mindful of energy-efficient processes and the reduction of emissions at our ready-mixed concrete production sites and aggregate plants.

Research and technology

Our research and development activities

The innovation work at HeidelbergCement can essentially be divided into three areas:

- Products and applications: Our research and development activities are geared strongly towards the market and our customers. The main priority is the development and improvement of binders and concretes with optimised properties and innovative functionalities. However, our work does not end with the product; it also involves providing our customers with a competent, professional consultation service on the application and optimisation of their products.
- Production: The focus lies on the continuous improvement of processes and cost structures. This includes the cost-efficient replacement of fossil fuels and natural raw materials as well as reducing energy requirements in production. These goals are pursued in the Group-wide "Operational Excellence" initiative, and potential is systematically exploited.
- Development of cements and concretes with improved CO_2 balance: The emphasis here is to further develop composite cements with less clinker – even beyond the limits of today's

current standards. Reducing the proportion of clinker is the most important lever when it comes to minimising energy consumption and CO_2 emissions, and in preserving natural raw materials. Finally, we are also researching entirely new kinds of binder systems that dispense with the use of clinker altogether. These innovative alternative products are only in the early stages of research and it will take several years until they are ready for the market and for wider deployment.

Organisation and expenditure in the area of research and technology

In the reporting year, we set up the global competence center HTC Global (Heidelberg Technology Center Global) in Leimen. With its numerous international employees, HTC Global is subdivided into four areas: Research & Development, Global Engineering, Geology and Training & Reporting. This competence center pools together the knowledge and expertise in our Group and makes it available to the operational units quickly and comprehensively.

Central research and development

As our particular focus is on research and development, we have concentrated the Group-wide research and development activities in the cement and concrete business lines at HTC Global. To match the high importance of the development of CO_2-minimised products, we are currently reinforcing this area even more, both financially and in terms of personnel. All projects are defined and carried out in close co-ordination with the operating companies. This close collaboration from the very start of the project facilitates the efficient implementation of the development results and a quick market launch.

Technology and innovation

The national companies in the Group areas are supported by technical centers. In the cement business line this is the Heidelberg Technology Center (HTC) with two locations in Europe, which also support the Mediterranean Basin, Africa and Central Asia, one location in North America, and one in Asia with sites in China, India and Indonesia. They support the cement plants with all technical issues, from securing raw materials and operational optimisations, to process control and quality assurance. With plant investment projects, HTC locations are involved in project management up until the new installation or plant is commissioned. Similarly, the Competence Center Materials (CCM) supports the Group companies in the aggregates, ready-mixed concrete and asphalt business lines. The close dialogue between HTC or CCM and the plants ensures efficient implementation of potential optimisations and a continuous improvement process.

Customer-related development and consultation

The close proximity to the market of our activities requires intensive customer-oriented development and consultation, which is also reflected in high financial expenditure (see following table). The relevant departments and employees, which are integrated directly into the organisation of the respective national companies, develop and optimise the cements and concretes that are tailored to the local needs, often in close co-operation with the customer.

Expenditure for research and technology

The total expenditure in the area of research and technology amounted to EUR 67.6 million in the reporting year (previous year: 63.6). The following table shows a breakdown of expenses for the last five years for each of the three areas mentioned above:

Expenditure for research and technology					
EURm	2006	2007	2008	2009	2010
Central research and development [1]	3.6	3.6	4.1	4.3	**4.9**
Technology and innovation	19.4	22.4	26.9	29.4	**32.2**
Customer-related development and consultation	43.9	32.6	32.2	29.9	**30.5**
Total	66.9	58.6	63.2	63.6	**67.6**

1) Including capitalised expenses

In comparison with previous annual reports, data has increased because employees and expenditure for research and technology in the concrete business line have been included for the first time. To improve comparability, the amounts have been retroactively adjusted to 2006.

The development projects that were capitalised as investments include, amongst others, our innovative special cements ChronoCem® and TioCem® (see page 110 f.). As these expenses amount to around EUR 1 million annually, they are not shown separately.

Employees in research and technology

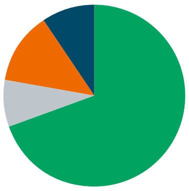
In the 2010 financial year, a total of 748 people (previous year: 736) were employed in the area of research and technology. The personnel breakdown and development over the last five years is shown in the following table:

Employees in research and technology					
	2006	2007	2008	2009	2010
Central research and development	27	32	37	38	**42**
Technology and innovation	146	198	243	260	**262**
Customer-related development and consultation	512	476	474	438	**444**
Total	685	706	754	736	**748**

The high importance of customer-related development and consultation as well as technology and innovation is not only reflected in the costs but also in the number of employees.

Our employees' high level of expertise in research and technology is a key competitive factor, and the qualification requirements to this effect are high. Around 70% of the employees in our technical competence centers have a university degree; 8% have a PhD (see following graph). Intensive ongoing training and a systematic exchange of knowledge in expert networks across the Group ensure a high level of qualification.

Qualification profile of employees in research and technology



- 69.7% University degree
- 8.1% PhD degree
- 13.0% Master craftsman/Technician
- 9.2% Professional training

Research co-operations

Close co-operations with institutes and universities at both a local and global level complement our research and development activities. At a global level, we refer in particular to our participation in "Nanocem", the world's most important research network in the cement sector. The network includes cement and admixture companies as well as 24 leading universities in Europe, who all work together to carry out fundamental research, which is supported by public funding. In terms of product development, we prefer bilateral co-operations with individual universities in order to build on our own expertise in a targeted way. The total expenditure for contract research is considerably less than EUR 1 million for the year and will therefore not be shown separately; these expenses are included in the "Central research and development" section in the table on page 108. Aside from the research co-operations mentioned above, no acquisition of research and development expertise took place in 2010.

Major projects and research and development results

Improving cost efficiency and tied-up capital

In the reporting year, our plants around the world systemically exploited cost-savings potential together with the technical centers. In addition to the ongoing optimisation of electricity and fuel consumption in our production facilities and the replacement of primary fuels and raw materials with alternative materials, we also placed particular emphasis on reducing maintenance costs and tied-up capital by means of targeted projects geared towards the long term.

In particular in growing markets, we were able to increase the replacement of primary fuels. The launch of new products, which included new composite cements, consequently helped – aside from the reduction of CO_2 emissions – to exploit cost benefits. In 2010, we successfully introduced the "Operational Excellence" initiative, which aims to sustainably improve energy efficiency and production of our cement plants by the end of 2013 through the optimisation of the production facilities.

The "Maintenance Improvement Project", which was already launched in 2008 in order to standardise maintenance organisation and reduce maintenance costs in our production facilities, was again successful in 2010, exceeding internal expectations. The programme was supported in the reporting year by an additional project, which focuses on reducing tied-up capital for spare parts. Within just one year, it was possible to lower the tied-up capital in this area by more than 10 %. The resulting increase in our production sites' cost effectiveness is very significant, particularly because of the high level of capital commitment in our industry sector, and represents a major competitive advantage.

New, expanded and modernised production sites

Despite the difficult economic environment across the globe in the reporting year, we still managed to initiate or finalise several strategic investments in growing markets in addition to numerous optimisation and expansion investments in our existing plants. You can read more about this in the Investments section on page 68.

An investment priority in the reporting year was air pollution control and energy recovery. Following the successful commissioning of power plants in China, which are based on waste heat recovery technology, we started a similar project in our Çanakkale plant in Turkey.

In 2010, the purchasing strategy of "low-cost country sourcing" was consequently implemented for all investments in our production facilities. This strategy not only demonstrates clearly positive effects with regard to initial investments but also – through the most extensive standardisation – with regard to follow-up costs for maintenance.

Cements with lower proportions of clinker

We have made further progress in the development of cements with less clinker, thereby achieving a reduction in both CO_2 emissions and in costs. Our plants in the Netherlands and Poland were the main frontrunners in this respect. Both countries managed to reduce the average proportion of clinker regarding all cement types to less than 65 % – a peak value by international comparison. This achievement is particularly remarkable in Poland, because blast furnace slag – a by-product of the steel industry and previously the primary replacement for clinker – is only available in limited quantities. As a result of the development and successful market launch of two new cement types using fly ash, which instantly achieved a sales volume of around 1 million tonnes in 2010, we were able to more than make up for this shortage.

As part of the "2010 Eco-Responsibility Campaign", Belgium and the Netherlands are working closely with customers to optimise very low-clinker CEM II/B and CEM III cements for high-quality applications as well, e.g. for pre-cast element production.

For our plants in Ghana, we have developed a completely new composite cement based on dolomite. Due to our dwindling limestone reserves, we would have had to import raw materials to manufacture Portland limestone cement in the future. However, following thorough research and optimisations, we are now manufacturing a comparable cement based on locally available dolomite, meaning that the costly import of limestone can be avoided.

Innovative binders and concretes

We have also achieved success in the development and market launch of special binders. In various European markets, we have optimised cements especially for the manufacturing of shotcrete for tunnel construction, which is used for large infrastructural projects. We have already acquired the first projects for the newly built ICE lines in Germany. The special cement ChronoCem® IR has already been successfully launched in the market. It facilitates the quick repair of runways, roads and motorways or logistics centers overnight. Despite the frequently high requirements involved in construction execution and difficult general conditions, the system has proved very robust.

In 2010, numerous projects were implemented with white and grey TioCem®. Concrete products like paving stones, for example, which are produced with this photocatalytically active cement, reduce air pollutants such as nitrogen oxides and have a lower level of surface contamination and thus better aesthetics. Various applications already exist in the US and many European countries, a development that has also attracted the attention of the European Parliament, which asked for a presentation of the functions.

With Powercrete®, a highly thermally conductive concrete has been developed as a bedding and filling material for buried high voltage and extra-high voltage cables. The high temperatures of the cable surface can cause damage and thus lead to costly complaints. By using highly thermally conductive special concrete, the resulting heat is conducted away much more effectively. This means that the maximum current carrying capacity of the cable can be increased by up to 40%.

In various countries, we also participate in the development of restoration concepts for contaminated soils and harbour sediments. Supported by public funding, systems are being developed on a cement base in Scandinavia and the United Kingdom, for example, which permanently bind the pollutants in the soil. This will enable us to tap into new market areas for our building materials.

Prospects

The expected future development of HeidelbergCement and the business environment in 2011 and 2012 is described below. As such, please note that this annual report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Group management 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 annual report.

Economic environment

General economic development

While 2010 was characterised by the return of significantly positive economic growth in most industrialised countries, 2011 is expected to see this recovery slow down. The International Monetary Fund (IMF) predicts global economic growth of 4.4% and 4.5% in 2011 and 2012 respectively, compared with 5.0% in 2010. IMF expects the differences in growth rates to continue – particularly between emerging countries in Asia and Africa and the industrialised countries in North America and Europe. Varying developments are also anticipated for price increase rates concerning consumer goods. While the inflation rate in the mature markets is expected to stabilise at 1.6% in 2011 and 2012 following 1.5% in 2010, a rate of 6.0% is predicted for emerging countries in 2011 and a decline to 4.8% for 2012. Regarding raw material prices, the IMF surmises a further increase in 2011, particularly with regard to oil, followed by a stabilisation in 2012.

In Asia, China will continue to be the driving force of industrial development. IMF forecasts a slight decline in growth for emerging countries in Asia, from 9.3 % in 2010 to 8.4 % in 2011 and 2012, and also expects economic growth in China to drop slightly from 10.3 % to 9.6 % and 9.5 %, respectively. Further positive developments are also predicted for Africa, especially in the countries south of the Sahara, where growth rates are expected to rise again from 5.0 % in 2010 to 5.5 % in 2011 and 5.8 % in 2012.

In contrast, economic recovery is expected to slow down in the mature markets. Following a significant increase – from a low base – of 3.0 % in 2010, IMF anticipates annual growth of 2.5 % for 2011 and 2012. According to IMF forecasts, the important markets for HeidelbergCement in the US, the United Kingdom, Germany and Canada will continue their economic recovery in 2011 and 2012. In 2011, the US are expected to achieve the highest economic growth with a rate of 3.0 %, followed by Canada with 2.3 %, Germany with 2.2 % and the United Kingdom with 2.0 %.

Realisation of the economic forecasts predicted for the next two years is associated with various uncertainties. The mature markets face the challenge of combating unemployment after the crisis but also of relieving public debt through ongoing cost-saving measures. The growing markets of emerging countries are exposed to rising inflation pressure. Energy prices were also driven by natural disasters and conflicts in oil producing countries at the start of 2011. Crucial factors for further economic growth are especially the development of raw material prices, food prices, unemployment in mature markets and interest rates.

Industry development

The varied development of economic growth is reflected in the forecasts for the demand for building materials in the regions. The forecasts of the US cement association PCA from November 2010 estimate an increase of 5.8 % and 5.1 % in global cement sales volumes for 2011 and 2012, respectively. The development in demand will be driven by the emerging countries with growth rates of 6.5 % and 5.2 %. According to PCA, 55 % of globally produced cement in 2012 will be consumed in China and an additional 8 % in India, the second largest market. The increase in cement demand for North America is only expected to be slow – also starting from a low level – with growth rates of 2.4 % in 2011 and 4.0 % in 2012. In Europe, trends in the demand for building materials are expected to vary greatly by region. For the countries most affected by the property crisis, like Spain, Portugal and Ireland, Euroconstruct's forecasts from December 2010 anticipate a further decline in cement consumption for 2011 and stabilisation for 2012. High cement growth rates of 6.0 % and above are expected for countries in Northern Europe such as Sweden and Norway, which already showed considerable economic growth in 2010. Consumption in the Benelux countries and the United Kingdom is expected to stagnate during the same period. For Germany, the national cement association BDZ (Bundesverband der Deutschen Zementindustrie) predicts a slight increase in cement deliveries for 2011, particularly as a result of the recovery of private residential construction.

Like the general economic forecasts, demand development for building materials during the years 2011 and 2012 is also associated with uncertainties. With the expiration of the infrastructure development programmes and intense efforts in relation to budget consolidation, the time frame and strength of further recovery in the mature markets is increasingly dependent on recovery in private residential construction and commercial construction. This in turn assumes further positive economic development, a reduction in the unemployment rate, and affordable property financing. In the growing markets of the emerging countries, continued, steady economic growth also plays an important role, as does income available for private residential construction, which mainly depends on the development of local food prices and thus also on inflation.

Anticipated earnings

Turnover

On the basis of the general economic and industry-specific prospects for the building materials industry and the special growth prospects for markets in which HeidelbergCement operates, a moderate increase in turnover is expected for 2011 in comparison with the previous year. One contributing factor is capacity expansions, which have already been implemented in 2010 and are also planned for 2011. They include primarily the purchase of the majority stake in the cement plants in the Democratic Republic of Congo and in the Russian Republic of Bashkortostan, which have been included in the consolidation scope since autumn 2010, and the new cement plant TulaCement in Russia, which is scheduled to start operation at the end of May 2011. We expect sales volumes of cement, aggregates and ready-mixed concrete to increase, while asphalt sales volumes are likely to fall as a result of the expiration of government infrastructure programmes. We are planning to pass on part of the predicted cost increase to our customers by increasing prices. The turnover forecast for 2011 has, compared with 2010, been based on virtually stable exchange rates against the euro.

Group areas

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. In the United Kingdom, we assume that development will remain quite steady as a result of government cost-saving measures, while the Benelux countries are likely to face further price pressure due to the weakness in the construction industry.

We expect varying trends in our Eastern Europe-Central Asia Group area. As a consequence of the difficult general economic conditions in Hungary and Romania, we anticipate weak development in sales volumes in these countries. In the Czech Republic, we anticipate that demand will stabilise and then return to growth again in the second half of 2011. For Poland, we expect further recovery and increasing sales volumes. In the eastern countries of Eastern Europe and in Central Asia, we also predict an increase in cement deliveries as well as a recovery of prices.

In North America, we expect slight increase in cement and aggregates volumes owing to ongoing investments in road construction in the United States. We are planning price increases for both of these core products in order to balance out the margin erosion in 2010, rising costs and expenses in connection with the National Emissions Standards for Hazardous Air Pollutants (NESHAP). In Canada, we surmise that demand for building materials, which is driven by the raw materials industry in Alberta, Saskatchewan and Manitoba, will continue to show positive development.

In the Asia-Pacific and Africa-Mediterranean Basin Group areas, we expect a sustainably positive demand trend with strong growth in China, Indonesia, India and Bangladesh as well as stable development in Australia. In our African core markets in Tanzania, Gabon, Ghana and the Democratic Republic of Congo, we anticipate an above-average rise in demand compared with general economic growth in the region. In Spain, on the other hand, we expect a further weakening of demand for building materials. Overall, we anticipate a rise in the sales volumes of cement and aggregates for both Group areas. For India, we forecast a continuation of price and margin pressure due to the ongoing expansion of new capacities, especially in the south of the country, combined with increasing energy costs.

Costs

In light of increasing energy and raw material prices as well as rising inflation trends worldwide, HeidelbergCement expects 2011 to see an increase in the cost base for electricity, fuels, raw materials and personnel. Not least to combat this rise in costs, we have combined several measures relating to the further optimisation of costs and cash flow in our new programme for financial and operational excellence "FOX 2013". The programme focuses on improving efficiency in the core activities of aggregates and cement Group-wide. In cement manufacturing, a sustainable reduction in energy costs is planned as part of the "Operational Excellence" programme. Regarding aggregates, we want to achieve a sustainable improvement in margins and best practices by means of comprehensive, global benchmarking and portfolio optimisations. Over the next three years, we are planning to increase the cash flow by EUR 600 million with our "FOX 2013" measures. Of this total cash flow, we want to achieve EUR 200 million in 2011, EUR 160 million in 2012, and EUR 240 million in 2013. These amounts include financing and operational cost savings recognised in the profit and loss accounts amounting to EUR 35 million in 2011, EUR 110 million in 2012, and EUR 200 million in 2013.

As a result of the reduced debt and improved margins for our syndicated credit line compared with the previous year, we anticipate a corresponding decrease in financing costs for 2011.

Results

For 2011, HeidelbergCement forecasts a moderate increase in operating income based on the assumption that the predicted rise in costs can be compensated by cost saving measures and price increases. As a result of the anticipated improvement in operating income and lower financing costs, we also expect growth in profit before tax.

2012 forecast

For 2012, HeidelbergCement predicts a further increase in turnover and results on the basis of sustainable economic growth worldwide and the resulting rise in the demand for building materials.

Dividend

As in 2010, we will also adjust the dividend to the development of the net debt to operating income before depreciation (OIBD) ratio and to the operating income of the HeidelbergCement Group for the next two years, and, in doing so, take into account the general economic development. In the medium term, we aim to achieve an industry-specific payout ratio of 30% to 35% related to the Group share of profit.

Investments

As in 2010, HeidelbergCement will continue to exercise strict spending discipline regarding investments. Debt reduction remains an important area of focus. At the same time, the Group will continue with its targeted investments in future growth – especially in cement activities in the emerging countries of Asia, Africa, and Eastern Europe. In the long term, HeidelbergCement aims to increase the proportion of its cement capacities in these markets from the current 59 % to 67 % of total Group capacity.

The construction of the new cement plant TulaCement in Russia, with a cement capacity of 2 million tonnes, is due to for completion at the end of May 2011, when it will be ready to start supplying the Moscow area. The capacity expansion in the Polish cement plant of Górazdze is progressing according to plan. The expansion of clinker capacity by approximately 30 % to 12,000 tonnes of clinker per day is set to be complete by mid-2011. The project also involves the construction of a new cement mill, which is expected to be ready by 2012. In total, the plant's cement capacity will thus increase by 1.2 million tonnes to 5.3 million tonnes.

Following the expansion of the cement grinding capacity in the Cirebon plant in Indonesia in 2010, we are now planning to set up an additional cement grinding facility at the Citeureup plant with a capacity of 2 million tonnes; construction is intended to start in 2011, ready for commissioning early 2013. As a result of the good growth outlook, we are also currently expanding our cement capacities in Central India by 2.9 million tonnes. We are planning to commission new facilities in our Damoh and Jhansi plants in the first quarter of 2012. HeidelbergCement will then have a total capacity of 6 million tonnes in India. The commissioning of another cement mill with a capacity of 0.8 million tonnes is scheduled to take place at the grinding plant in Chittagong at the end of 2011 and will enable us to profit from the rapidly growing cement market in Bangladesh.

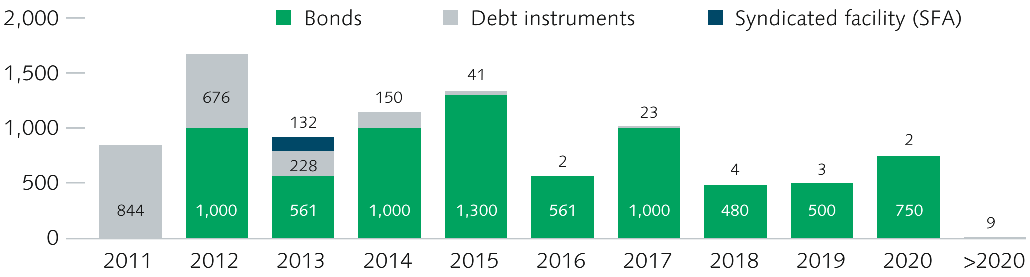
Another investment focus lies in the expansion of our cement capacities in Africa. One important milestone in this regard was the partnership with IFC, a member of the World Bank Group, and its finance partners entered into in May 2010. They have undertaken to acquire an indirect minority share in HeidelbergCement's African activities and to put in up to USD 180 million. HeidelbergCement will invest these funds in the expansion of cement capacities in the countries south of the Sahara. In Liberia, the construction of a new cement mill is underway and is scheduled for commissioning in the first quarter of 2012. A new cement mill is also scheduled for construction in Ghana and we are evaluating options for capacity expansions in other African countries. We also want to expand further in the Democratic Republic of Congo, where we acquired the majority of the Forrest Group's cement business in September 2010. We intend to increase the capacity of the three cement plants – currently at around 500,000 tonnes of cement – to more than 1.4 million tonnes over the next few years.

Expected financing

Thanks to the successful refinancing measures on the banking and capital markets in 2010, HeidelbergCement has a stable financing structure for the long term and a well balanced debt maturity profile (see the following diagram). In 2011, HeidelbergCement has no significant maturities on the banking or capital markets, which means that the refinancing requirements are limited to smaller money market maturities that we will refinance either by rolling over the relevant position or by utilising free credit lines. Subject to the environment on the capital markets, we will opportunistically refinance the EUR 1 billion Eurobond becoming due in January 2012 by either using available liquidity or by making use of credit lines or proceeds from new issues on the banking, money, or capital markets.

The following diagram shows the maturity profile of HeidelbergCement as at 31 December 2010:

Debt maturity profile as at 31 December 2010 (EURm)



As at the end of 2010, we had liquidity reserves, consisting of cash, securities portfolios and committed bank credit facilities, amounting to EUR 3.5 billion (see Group financial management section on page 75). We also have framework programmes in the money and capital markets in place that allow us to issue the relevant securities within a short period of time (EUR 1 billion Commercial Paper Programme and EUR 10 billion EMTN Programme).

Our goal is to further improve our financial ratios in the coming years in order to create the necessary preconditions for our credit rating to be upgraded further by the rating agencies. In particular, we want to reduce the ratio of net debt to operating income before depreciation (OIBD) to below 2.8x (31 December 2010: 3.6x). An investment grade rating remains our objective as – given the capital-intensive nature of our business – favourable refinancing opportunities in the banking, money and capital markets create an important competitive advantage.

Employees and society

The consistent extension of our Group-wide core personnel processes – such as performance management, goal agreements, employee dialogue or individual development plan – to middle and junior management as well as to future executives will remain a focus of our efforts in the coming years. We have started the implementation phase of our IT optimisation project HR GLOBE. By April 2012, the performance management, remuneration and successor planning processes should be fully IT-supported.

The new management training programme in co-operation with Duke Corporate Education will be the focus of our training measures at Group level from 2011 to 2014. In the coming years we will further expand our programmes for the advancement of future executives, such as the trainee programme for new employees from the CIS countries. We have added a follow-up programme to our existing Engineer-in-Training Programme: over a period of four to five years, our talented engineers are specifically prepared for management positions in the technical field both in Germany and abroad.

The results of a worldwide 2010 manager survey on occupational health and safety showed a strong commitment of the line managers to these topics. This is a major success in our efforts to prevent accidents and health problems, on which we will build on further in the future. Although we have made improvements in recent years, far too many accidents involving injuries and even fatalities are still occurring. Occupational health and safety therefore remains a central topic for us in 2011. Our goals for 2012 are: no fatalities and a 50% reduction of accidents resulting in lost working days in comparison with 2008. We will focus on conscientious implementation of our Group guidelines as well as on behaviour-changing measures to prevent accidents resulting from human error in particular.

Over the next two years, we will develop new Group guidelines. We aim to carry out the necessary measures for the implementation of the Driving Safety Group guideline, introduced in 2010, by the end of 2014. In 2011, we are planning to introduce a Group-wide safety week and formulate a set of Golden Rules.

HeidelbergCement is aware of its social responsibility. In the future, we will continue to foster relationships with the people in the areas surrounding our locations and support projects in line with our Corporate Citizenship Policy. All our measures are designed to achieve positive results for the benefit of society. In addition, we want to promote mutual trust and partnership through transparency, open communication and co-operation.

Environmental precaution

In the next two years, we will continue to press ahead with the implementation of the Sustainability Ambitions 2020. We have set ourselves interim goals by 2012 in six strategic topic areas (see Sustainability chapter on page 97), and we will monitor progress towards these goals.

We will further expand our systematic biodiversity management and extend it to the quarrying sites of our North American locations by means of a special guideline.

Our commitment to sustainable construction and sustainable product innovations also remains an important topic for us. In addition, we will promote recycling of aggregates. As a member of the Cement Sustainability Initiative (CSI), HeidelbergCement is involved in the development of a global certification system for sustainably produced concrete. It is also our aim to continually increase the use of waste materials as fuel and to invest in energy-efficient processes and renewable energies. A new waste processing plant in Belgium and a crushing facility in Indonesia will allow us to increase the use of hazardous waste in our cement kilns. New or modernised installations at our cement plants in Europe, Turkey, China, the US and Africa will allow us to continue recycling biomass and waste materials from agriculture without residues on an increasingly large scale.

For the imminent third phase of the EU Emissions Trading System (EU ETS), which begins in 2013, we will revise our existing strategy for reducing CO_2 emissions.

Research and technology

In the coming years, we are planning an even greater expansion of our research and development activities in order to further increase our innovative strength. Efforts will be centred on developing cement types with a reduced proportion of clinker and thus low CO_2 emissions. The alternative raw materials and fuels used will benefit the environment as well as helping us to lower costs.

Another focal area will be the development of high-quality binders and concrete applications in order to achieve greater benefit for our customers and added value for our Group.

In the area of production, we will continue the "Operational Excellence" programme introduced in 2010. By the end of 2013, we will systematically identify and exploit potential savings in energy and fuel costs at all our cement plants by optimising our production facilities.

Estimates for 2011 and 2012 – risks and opportunities

Following the worldwide recession in 2009, global economy returned to the path of growth in 2010. The construction industry in the mature markets of North America and Europe was still battling against the effects of the crisis in the first half of 2010 – in the form of a declining demand in private residential construction and especially in commercial construction – and also against the effects of a severe, prolonged winter. In the course of 2010, the construction industry reached its lowest point in the mature markets and demand from private residential construction started to rise and commercial construction showed signs of stabilising. At the same time, the infrastructure programmes initiated during the crisis will expire in 2011 and lead, with a time lag, to a decline in public construction activities in the respective countries, especially in 2012.

Risks

The risks relating to the further development primarily concern both the slowdown of the economic upturn in Europe and the US and a relapse into recession – also known as a "double-dip" scenario. Measures already implemented and potential future measures relating to the debt reduction of individual national budgets – for example, in the US and the United Kingdom – may have a negative effect on economic growth and thus on the demand in commercial construction as well as on the decline of the unemployment rate and, in turn, on the demand in private residential construction.

Following the bursting of the housing bubble, there is still a relatively high number of new houses in foreclosure, especially in the US, which need to be taken up by the property market. The excess supply of houses and flats puts pressure on prices and reduces demand for new residential property. If the relief of this excess supply is only slow or delayed, there is a risk that recovery will be weaker than expected in private residential construction.

An additional risk for sales volumes, turnover and earnings is that the rise of inflation could turn out to be greater than anticipated, which will consequently trigger an increase in global interest rates. As a result, the household income available and thus the demand for residential construction could lessen and HeidelbergCement's financing costs rise.

The increase in energy and fuel prices since mid-May 2010, has presented a risk for the development of earnings in 2011 and 2012, i.e. if this increase turns out – for example, because of regional unrest in North African countries – to be higher than expected or HeidelbergCement is unable to compensate the increase by raising prices and improving efficiency.

Fluctuations in the exchange rates of foreign currencies against the euro present both risks and opportunities. On the one hand, for example, appreciation of the US dollar against the euro leads to growth in turnover and operating income; on the other hand, the US dollar-based proportion of debt measured in euro also increases.

Opportunities arising from the development of general conditions

In 2011, opportunities could arise from a faster-than-expected recovery of the economies in Europe and North America and the resulting upturn in commercial and private residential construction. Public construction could benefit as a result of higher tax yield. In the medium and long term, we also see particular opportunities for an increase in demand for building materials for residential, commercial, and public construction in the growing markets of emerging countries as a result of rising population figures, growing wealth and the ongoing trend of urbanisation.

Strategic Group opportunities

Even during the crisis we continued to expand capacities in attractive growth regions in a focused and highly disciplined way. This enabled us, for example, to continuously increase our cement capacity in the growing markets of Asia, Africa and Eastern Europe. In Indonesia, we commissioned two new cement mills in 2010 and extended our cement activities to the Democratic Republic of Congo. In Russia, we are expanding our market position through the majority participation acquired at the end of 2010 in the Republic of Bashkortostan and the commissioning of the new cement plant in Tula at the end of May 2011. This creates opportunities for us to benefit from the anticipated growth in these regions. We also intend to continue with this growth strategy in the coming years.

Opportunities relating to economic performance

The consistent and ongoing implementation of measures to improve efficiency and reduce production costs and to realise the opportunities associated with this, is an integral part of our strategy. As part of the new "FOX 2013" programme, which was launched in early 2011, we are working on reducing energy consumption in cement manufacturing and improving our margins comprehensively in the aggregates business line. Furthermore, we see opportunities for improving the cost structure by increasing the use of alternative fuels and raw materials, and in doing so, simultaneously reducing our CO_2 emissions.

With its integrated product portfolio, its strong positions in growing markets, and its efficient cost structure, HeidelbergCement considers itself well-prepared to profit from the recovery of the global economy and the arising opportunities.

Corporate Governance

Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

Corporate Governance statement [1)]

Statement of compliance in accordance with § 161 of the German Stock Company Act (Aktiengesetz)

On 8 February 2011, the Managing Board and on 10 February 2011, the Supervisory Board resolved to submit the following statement of compliance in accordance with § 161, section 1 of the German Stock Company Act: The Managing Board and Supervisory Board of HeidelbergCement AG declare, in accordance with § 161, section 1 of the German Stock Company Act, that they have complied with, and are in compliance with, the recommendations of the Government Commission on the German Corporate Governance Code (hereafter referred to as the "Code"), with the following exceptions:

– The increase of the deductible of the D&O liability insurance for members of the Managing Board and Supervisory Board to at least 10% of the detriment to at least 1.5 times the fixed annual remuneration enters into force on 1 January 2011 (deviation from point 3.8).
  Justification: The agreed deductible of the D&O liability insurance, which has been below the limit of the Code so far, was deemed reasonable in accordance with the version of the Code in force until 5 August 2009. For members of the Managing Board whose agreements were entered into before the Act on the Appropriateness of Managing Board Remuneration (VorstAG) and the change to the current version of the Code came into force, a corresponding legal provision for the protection of continuance applied until their agreements were amended with the implementation of the new Managing Board remuneration system (1 January 2011). From 1 January 2011, the deductible of the D&O liability insurance will be adjusted for all members of the Managing Board and Supervisory Board in line with the Code.

– The Managing Board agreements do not provide for any limit on redundancy payments (redundancy pay cap) in the event of early termination of membership of the Managing Board without good cause or due to a change in control (deviation from point 4.2.3).
  Justification: The Supervisory Board respects the provision for the protection of continuance for the existing Managing Board agreements, which do not provide for any corresponding limit on redundancy pay caps. New future agreements and extensions to existing Managing Board agreements will, however, include a redundancy pay cap in line with the Code.

– A multi-year assessment base for variable Managing Board remuneration components will only be reintroduced with the new Managing Board remuneration system from 1 January 2011 (deviation from point 4.2.3).
  Justification: The previous variable component of the Managing Board remuneration, linked to multi-year performance targets, has come to an end and was deliberately not replaced before the radical restructuring of the Managing Board remuneration system planned for autumn 2010. From 1 January 2011, the introduction of the new Managing Board remuneration system shall enable the Code recommendation to be fully satisfied.

– The Chairman of the Supervisory Board does not chair the Personnel Committee (deviation from point 5.2).
  Justification: The Supervisory Board deems this allocation appropriate on the basis of the shareholder structure of the company.

1) In accordance with § 289a of the German Commercial Code (HGB), likewise the Corporate Governance Report in accordance with point 3.10 of the German Corporate Governance Code

- The Supervisory Board shall not designate specific goals and quotas for its composition (deviation from point 5.4.1).
  Justification: The Supervisory Board regards the qualification of the Supervisory Board member and a Supervisory Board candidate as the decisive criterion for taking on a Supervisory Board mandate and its composition. It thereby supports and considers the criteria specified in point 5.4.1 but does not allow itself to be restricted by specific targets or quotas within the scope of its discretion in selection.
- The shareholdings of members of the Supervisory Board are not disclosed (deviation from point 6.6).
  Justification: The members of the Supervisory Board are bound by the shareholding disclosure requirements under § 21 of the German Securities Trading Law (Wertpapierhandelsgesetz) and the "Directors' Dealings" disclosure requirements under § 15a of the German Securities Trading Law. This seems to guarantee sufficient transparency as regards the shareholdings of members of the Supervisory Board.

The above statement relates to the version of the Code dated 18 June 2009, published on 5 August 2009 in the Electronic Federal Gazette (Bundesanzeiger), for the period from 17 March 2010 (submission date of the previous statement of compliance) to 2 July 2010. For the period from 3 July 2010, it relates to the version of the Code dated 26 May 2010, published on 2 July 2010.

Corporate Governance practices that extend beyond the legal requirements

A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules have been expressed in legal regulations or not. In particular, the Code calls for

- integrity and professional behaviour towards customers, suppliers, authorities, and business partners;
- consistent avoidance of conflicts of interest;
- careful and responsible handling of the Group's property and assets;
- careful and responsible handling of company and business secrets as well as personal data;
- fair, non-discriminatory employment conditions and fair dialogue with the employee representatives;
- the provision of healthy and safe jobs;
- considerate handling of natural resources.

The Code of Business Conduct, which is published on the Group website www.heidelberg-cement.com under "About us/Corporate Governance/Code of Business Conduct", is part of the comprehensive compliance programme and its observance is monitored by means of control mechanisms included in the programme.

Working methods of Managing Board and Supervisory Board and composition and working methods of their committees

As a German public limited company, HeidelbergCement is required by law to have a two-tier board system: The Managing Board is responsible for independently managing the Group. Its members are jointly accountable for the management of the Group; the Chairman of the Managing Board co-ordinates the work of the members of the Managing Board. The Supervisory Board appoints, monitors, and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group; the Chairman of the Supervisory Board co-ordinates the work of the Supervisory Board.

Management by the Managing Board

In managing the Group, the Managing Board is obliged to act in the Group's best interests and increase the sustainable value of the Group. It develops the Group's strategy, co-ordinates it with the Supervisory Board, and ensures its implementation. It ensures that all provisions of law and the Group's internal guidelines are adhered to, and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group. The Managing Board considers diversity when filling management positions within the Group, and in doing so, strives to give due consideration to women; however, the Managing Board is opposed to a fixed quota of women. The Managing Board Rules of Procedure issued by the Managing and Supervisory Boards govern, in connection with the schedule of responsibilities approved by the Supervisory Board, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs his management department independently, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting documents. The results of the meeting are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees.

Consultation and supervision by the Supervisory Board

The task of the Supervisory Board is to regularly advise and supervise the Managing Board in the management of the Group. The Managing Board must involve the Supervisory Board in decisions of fundamental importance to the Group. The Supervisory Board Rules of Procedure issued by the Supervisory Board govern the work of the Supervisory Board, in particular the required majority for resolutions, the legal transactions and measures requiring its consent, the standard retirement age for Managing and Supervisory Board members, and the tasks of established committees.

The Supervisory Board meets at least twice every half-year; at these meetings, it usually discusses the open topics and passes the required resolutions, on the basis of reports drawn up by the Managing Board and documents received in advance in preparation for the meeting. Additional meetings are held if necessary. The results of the meeting are recorded in minutes, which are issued to all members of the Supervisory Board. The Supervisory Board comprises a number of independent members – a number which it deems sufficient – and at least one independent member with expertise in either accounting or auditing. In accordance with the Articles of Association, the Supervisory Board has set up a total of four committees, which are entrusted with the tasks and working methods described below. The following respective plenary session of the Supervisory Board is given an account of the results of the committee work.

The Personnel Committee is responsible for preparing the decision of the Supervisory Board concerning the appointment of members of the Managing Board, the election of the Chairman of the Managing Board, and the establishment of the Managing Board's remuneration structure as well as the remuneration paid to the individual members of the Managing Board. It is also responsible for making a decision concerning the structuring of the non-remuneration-related legal relationships between the company and the members of the Managing Board. The Personnel Committee comprises Messrs Fritz-Jürgen Heckmann, Josef Heumann, Hans Georg Kraut, Ludwig Merckle, Tobias Merckle, and Heinz Schmitt; the Chairman is Mr Ludwig Merckle.

The Audit Committee is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual accounts and the approval of the Group annual accounts. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance programme, and the audit. In addition, it has the task of preparing the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, issuing the audit assignment, establishing focal points for the audit, concluding the fee agreement with the auditor, obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. The Audit Committee discusses the half-yearly and quarterly reports with the Managing Board before they are published. The results of the meeting are recorded in minutes, which are issued to all committee members. In addition to the Chairman, the Audit Committee includes at least one independent member with expertise in either accounting or auditing. The Audit Committee comprises Messrs Robert Feiger, Fritz-Jürgen Heckmann, Max Dietrich Kley, Ludwig Merckle, Heinz Schmitt, and Werner Schraeder; the Chairman is Mr Ludwig Merckle.

The Nomination Committee is responsible for putting suitable candidates forward to the Supervisory Board for its proposals for election to be made to the Annual General Meeting. It comprises Messrs Fritz-Jürgen Heckmann, Ludwig Merckle, and Tobias Merckle as shareholder representatives; the Chairman is Mr Fritz-Jürgen Heckmann.

The Arbitration Committee, formed in accordance with § 27, section 3 and § 31, section 3 of the German Codetermination Law, is responsible for making a proposal to the Supervisory Board for the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved. It comprises Messrs Fritz-Jürgen Heckmann, Hans Georg Kraut, Tobias Merckle, and Heinz Schmitt; the Chairman is Mr Fritz-Jürgen Heckmann.

Diversity

In its meeting of 10 February 2011, the Supervisory Board decided regarding its composition to support the principles mentioned in point 5.4.1 of the German Corporate Governance Code ("Code") and to consider diversity when selecting the available candidates. In a deviation from point 5.4.1 of the Code, however, it shall not set fixed goals in the form of quotas or absolute figures because it regards the qualification of a Supervisory Board member and a candidate as

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the decisive criterion for its composition and/or for taking on a Supervisory Board mandate. The Rules of Procedure for the Supervisory Board specify the standard retirement age for members of the Managing Board as 65, and 75 for members of the Supervisory Board.

Co-operation between Managing Board and Supervisory Board

The Managing Board and Supervisory Board co-operate closely for the benefit of the Group. To this end, the Managing Board co-ordinates the Group's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals. For clearly defined transactions of fundamental importance, the Supervisory Board has specified provisions in the Managing Board Rules of Procedure requiring its approval.

The Managing Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues of importance to the Group with regard to planning, business development, risk situation, risk management, and compliance. The Managing Board explains deviations of the actual business development from previously formulated plans and goals, indicating the reasons for this. The Supervisory Board has included detailed provisions in the Managing Board Rules of Procedure with regard to the Managing Board's information and reporting duties. Documents required for decisions, in particular, the annual accounts, the Group annual accounts, and the auditors' report, are sent to the members of the Supervisory Board in due time before the meeting.

Shareholdings of members of the Managing Board and Supervisory Board

The direct or indirect ownership of shares or share-based derivatives by members of the Managing Board has, neither in any individual case nor in total, exceeded the threshold of 1% of the issued shares.

According to the available reports, Supervisory Board member Ludwig Merckle indirectly holds 25.11% of the issued shares. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has, neither in any individual case nor in total, exceeded the threshold of 1% of the issued shares, according to the available reports.

Relationships with shareholders

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting (one-share-one-vote principle). The ordinary Annual General Meeting is normally held in the first five months of the financial year. All important documents for exercising shareholder rights as well as the resolution issues and documentation are also duly available on our website for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, also by way of proxy. The report given by the Chairman of the Managing Board to the Annual General Meeting will be made available on the Internet at the same time. After the Annual General Meeting is over, our website will be updated with the attendance details and the voting results of each agenda item.

As part of our investor relations work, we provide information to shareholders and other investors comprehensively and regularly on a quarterly basis to tell them about business development as well as the financial situation and earnings position, and also provide them with notifications concerning the German Securities Trading Law, analyst presentations, press releases, and information about the annual financial calendar. Details on our investor relations work can be found on the page 38 f.

Compliance

Within the Group's management culture, strong emphasis continues to be placed on the compliance programme, which is now firmly anchored in the Group-wide management and supervisory structures.

One focal topic is concerned with the provisions of competition legislation. In this regard, the antitrust compliance system has undergone an audit by external advisors. The outcome of this audit was that all essential components for an orderly and effective antitrust compliance system were present. In addition to competition legislation, another focus continues to be occupational safety legislation and environmental law. This reflects the characteristics and specific features of a heavy industry that extracts and processes raw materials and markets homogeneous mass goods. Special efforts are also made to observe anticorruption regulations, capital market regulations, data protection regulations, and regulations on non-discrimination in dealings with employees.

Modern technologies and media, such as electronic learning platforms and learning programmes as well as Internet and telephone-based reporting systems support the compliance managers appointed for all geographical and functional units of the Group. These tools will be constantly subject to improvements and further developments during the continuous examination of the whole compliance programme.

Group-wide implementation of the compliance programme is monitored by means of specially organised half-yearly compliance reporting as well as via regular and special audits by Group Internal Audit. The Managing Board's report to the Supervisory Board is based on the compliance report. The Supervisory Board's Audit Committee investigates whether the compliance programme satisfies the legal requirements as well as recognised best practices.

Remuneration report [1)]

The remuneration report contains three parts. The first part shows the remuneration system that was valid up until 31 December 2010 and the remuneration of the Managing Board members for 2010. The second part shows the new remuneration system valid from 1 January 2011 together with the prospects for remuneration of the Managing Board in 2011. The third part shows the remuneration for the Supervisory Board paid for the 2010 financial year.

Remuneration of the Managing Board 2010

Principles

The system and amount of remuneration of the Managing Board is determined by the Supervisory Board following a recommendation by the Personnel Committee. This amount is determined on the basis of the size and international activity of the Group, its economic and financial situation, its future prospects, the amount and structure of the Managing Board remuneration in comparable companies, and the remuneration structure used for the rest of the Group. In addition, the tasks and performance of the relevant member of the Managing Board, and of the entire Managing Board, are taken into account. The remuneration is calculated in such a way that it is competitive on the market for highly qualified senior managers and provides an incentive for successful work in a business culture with a clear focus on performance and results.

Remuneration elements

The remuneration is made up of fixed and variable components. In connection with this, we are consciously aiming for a large variable element as part of the total remuneration in order to reflect, in a clear and direct way, the collective and personal performance of the members of the Managing Board and the performance of the Group. The one-year variable bonus depends on the achievement of a specific financial goal set by the plenary session of the Supervisory Board at the beginning of the financial year (Group share of profit). The medium-term bonus previously awarded, last allocated for 2008/2009, was no longer awarded for 2010 due to the planned introduction of the long-term bonus from 2011.

Amount of remuneration

In accordance with § 286, section 5 and § 314, section 2, sentence 2 HGB, the 2006 Annual General Meeting exercised its right to refrain from the obligation to publish the remuneration of each individual member of the Managing Board in the annual accounts and the Group annual accounts. The resolution of the Annual General Meeting from 2006 also still applies for 2010 and ends due to expiration. Upon the introduction of the new remuneration system in 2011, the total amounts of remuneration will be shown individually for each member of the Managing Board.

In 2010, the fixed remuneration of the Managing Board increased to EUR 4.3 million (previous year: 3.9). By contrast, the sum of variable remuneration elements, which only comprised a one-year bonus this year, decreased to EUR 8.1 million (previous year: 11.7). This reduction is essentially based on the omission of two special items: Firstly, the Managing Board was awarded a special bonus of EUR 5.0 million in the previous year in connection with the successful reorganisation of the capital and financing structure. Secondly, the earned tranche of the 2008/2009 medium-term bonus in the previous year amounted to EUR 2.9 million.

1) In accordance with point 4.2.5 and 5.4.6 of the German Corporate Governance Code, part of the Corporate Governance Report

Other remuneration elements totalled EUR 1.2 million (previous year: 1.0). The other remuneration elements consisted of payments for committee activities at subsidiaries of HeidelbergCement AG, reimbursement of expenses, and non-cash benefits arising from the provision of company cars.

Total remuneration of the Managing Board in 2010 amounted to EUR 13.6 million (previous year: 16.6). Furthermore, in accordance with § 314 section 1 item 6 letter a) sentence 3 HGB, a sum of EUR 1.7 million must still be specified, which is primarily attributable to the deviation of the final attainment of the 2008/2009 medium-term bonus compared with the assumptions made at the time the 2009 Group annual accounts were established.

Allocations to provisions for pension obligations (current service cost) for current members of the Managing Board amounted to EUR 1.3 million (previous year: 1.3). Payments to former members of the Managing Board and their surviving dependants amounted to EUR 3.0 million (previous year: 2.3) in the reporting year. Provisions for pension obligations to former members of the Managing Board amounted to EUR 28.1 million (previous year: 26.1).

Loans to members of the Managing Board

In 2010, no loans or advances were granted to members of the Managing Board of HeidelbergCement AG.

New remuneration system from 1 January 2011

Implementation of the Act on the Appropriateness of Managing Board remuneration (VorstAG)

In the context of the Act on the Appropriateness of Managing Board remuneration, which came into effect on 5 August 2009, the Supervisory Board decided on a new Managing Board remuneration system. The new remuneration system came into effect on 1 January 2011 as standard for all members of the Managing Board and will, in accordance with § 120, section 4 of the German Stock Company Act (AktG), be presented to the Annual General Meeting for approval in May 2011.

The Supervisory Board consulted a renowned remuneration expert when developing the new remuneration system. The new system was then reviewed on behalf of the Supervisory Board by another independent renowned remuneration expert, which found the system to comply with the law and to be adequate to the market. The new remuneration system consists of a fixed annual salary, a variable annual bonus, as well as a variable long-term bonus, and has been geared even more than before towards the sustainable development of the Group. This requirement was fulfilled by:

- higher weighting of variable remuneration compared with fixed remuneration,
- higher weighting of long-term bonus with a multi-year assessment base compared with the annual bonus,
- linking of long-term bonus with the various key financial ratios as well as the relative development of the HeidelbergCement share compared with the DAX 30 Index and the MSCI World Construction Materials Index and the absolute development of the HeidelbergCement share,
- obligation for all members of the Managing Board to maintain a fixed number of HeidelbergCement shares as an individual investment.

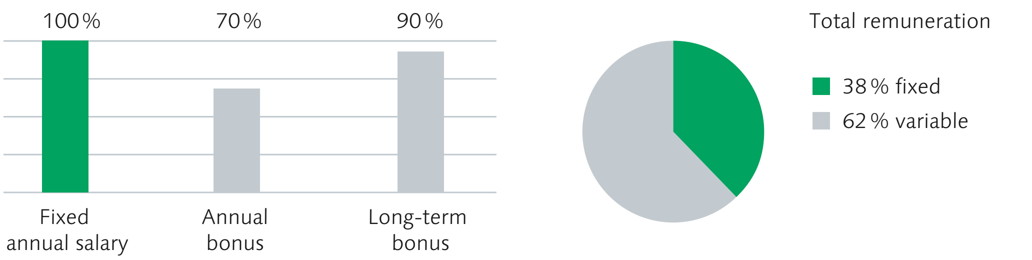
The following refers to the remuneration system valid as from 1 January 2011 and shows the prospects of the new remuneration structure.

System for the new Managing Board remuneration model

The amount of remuneration paid to the Managing Board comprises:
1. a fixed annual salary,
2. a variable annual bonus.
3. a variable long-term bonus with long-term incentive,
4. fringe benefits as well as
5. pension promises.

The following graph shows the relation between fixed and variable remuneration elements of total remuneration (without fringe benefits and pension promises) as well as a comparison of the amount of the individual variable components – assuming that 100 % of the target is met – compared to the fixed annual salary.

Relation of remuneration components



1. Fixed annual salary

The fixed annual salary is a set cash payment relating to the financial year, which is based on each Managing Board member's area of responsibility and is paid on a monthly basis over the year. It amounts to around 38 % of the target remuneration.

2. Annual bonus

The annual bonus is a variable remuneration element, which relates to the financial year and is 70 % of the fixed annual salary, assuming that 100 % of the target is met. It amounts to around 27 % of the target remuneration. As before, the Group share of profit will be used as the key performance indicator. In addition, individual targets will be agreed with the Chairman of the Managing Board and the Managing Board members.

At the start of the financial year, the plenary session of the Supervisory Board decides on the performance targets and, at the end of the financial year, determines the extent to which the target has been reached.

– Target value (value when 100 % of the target is met)
  70 % of fixed annual salary
– Key performance indicators and weighting (value when 100 % of the target is met)
  2/3 Group share of profit
  1/3 individual targets
– Target achievement range
  0 - 200 % (the maximum value of annual bonus is limited to 140 % of the fixed annual salary and total loss of the entire annual bonus is possible; the determination of the range refers to each individual key performance indicator)

The following table shows a sample calculation for the determination of the annual bonus with a fixed annual salary of EUR 700,000:

Sample calculation annual bonus [1]

Target	EUR 490,000 (70% of fixed annual salary of EUR 700,000)	
Performance period	1 year	
Key performance indicators	2/3 Group share of profit (EUR 326,667) 1/3 individual targets (EUR 163,333)	
Range	0-200%	
Target achievement (example)	Group share of profit 200% (EUR 653,334) individual targets 100% (EUR 163,333)	
Example result	Group share of profit: + individual targets: = Cash payout	EUR 653,334 EUR 163,333 EUR 816,667

3. Long-term bonus

The long-term bonus is a variable remuneration element based on the long-term, which is to be issued in annual tranches starting in 2011. It amounts to 90% of the fixed annual salary, assuming that 100% of the target is met. The long-term bonus makes up around 35% of the target remuneration. The long-term bonus comprises two components. Each component represents half of the long-term bonus.

The first component ("management component" with a term of three years) considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash payment. The bonus will be paid after the Annual General Meeting in the year following the three year performance period. The second component ("capital market component" with a term of four years) considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in the capital - compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares, which serve the calculation of the capital market component exclusively.

At the start of every tranche, the plenary session of the Supervisory Board determines the performance targets for both components based on various key performance indicators, which, if they are achieved, affect the amount of the long-term bonus. After expiry of the respective performance period, the plenary session of the Supervisory Board will ascertain the extent to which the target has been reached.

The target for the management component is based on the Group's relevant three-year operational plan, which the Managing Board had presented to the Supervisory Board. The share-based capital market component is measured over a four-year period, on the basis of § 193 section 2, no. 4 of the German Stock Company Act (AktG).

For the capital market component, the number of performance share units (PSUs) initially granted are ascertained in the first instance: The number of PSUs is calculated from 45% of the fixed annual salary divided by the reference price [2] of the HeidelbergCement share as at the time of issue. After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the attainment of the target and paid in cash at the reference price of the HeidelbergCement share valid at that time – adjusted for the reinvested dividend payments and for changes in the capital.

1) The degrees of target achievement are ficticious and serve only as illustration.
2) The reference price is respectively the average of the daily closing prices of the HeidelbergCement share on the Frankfurt Stock Exchange XETRA trading system for three months retrospectively from the start/expiration of the performance period.

- Target value (value when 100 % of the target is met)
  90 % of fixed annual salary (of which 50 % is the management component and 50 % is the capital market component)
- Key performance indicators and weighting (value when 100 % of the target is met)
  Management component:
  1/2 cumulated average of EBITs attained during the plan period 2011–2013
  1/2 target ROIC 2013

  Capital market component:
  1/2 peer total shareholder return (TSR); calculation of TSR compared with DAX 30 Index
  1/2 peer total shareholder return (TSR); calculation of TSR compared with MSCI World Construction Materials Index
- Target achievement range
  Management component: target achievement ranges between 0 % and 200 %, i.e. the maximum value of the management component of the long-term bonus is limited to 90 % of the fixed annual salary and total loss of the management component is possible; the range applies separately for each key performance indicator EBIT and ROIC.

  Capital market component: target achievement ranges from 0 % to 200 %, i.e. depending on the target achievement, the number of virtual shares can maximally double or reduce to 0 (total loss).
- Cap of performance of the HeidelbergCement share before payout
  Maximum of 2.5 times the reference price, which was determined at the start of the performance period.

The following table shows a sample calculation for the determination of a long-term bonus with a fixed annual salary of EUR 700,000:

Sample calculation long-term bonus [1)]

Target	EUR 630,000 (90 % of fixed annual salary of EUR 700,000)	
Basis	Management component: 50 % of EUR 630,000 = EUR 315,000 Capital market component: 50 % (EUR 315,000) will be converted into virtual shares; Ø share price of the last 3 months before the beginning of the plan EUR 50.00; EUR 315,000 / EUR 50 = 6,300 virtual shares	
Performance period	3 years (from 2011 to 2013) for the management component and 4 years (from 2011 to 2014) for the capital market component	
Key performance indicators	Management component: EUR 315,000 1/2 EBIT (EUR 157,500) 1/2 ROIC (EUR 157,500)	Capital market component: EUR 315,000 (6,300 virtual shares) Peer TSR: 1/2 DAX 30 Index (3,150 virtual shares) 1/2 MSCI World Construction Materials Index (3,150 virtual shares)
Range	0 - 200 %	
Target achievement (example)	EBIT 200 % (EUR 315,000) ROIC 100 % (EUR 157,500)	Relative TSR: DAX 30 Index 100 % (3,150 virtual shares) MSCI World Construction Materials Index 150 % (4,725 virtual shares)
Example result	Management component: EUR 315,000 + EUR 157,500 = EUR 472,500 Capital market component: 3,150 + 4,725 = 7,875 virtual shares (Ø share price over the last 3 months before the end of the 4th year e.g.: EUR 130; Cap at 250 % = maximum value EUR 125) = 7,875 virtual shares x EUR 125 = EUR 984,375	
	Management component: EUR 472,500 + capital market component: EUR 984,375 = EUR 1,456,875 cash payout	

1) The degrees of target achievement and share prices are ficticious and serve only as illustration.

4. Fringe benefits

The taxable fringe benefits of the members of the Managing Board remain unchanged after the introduction of the new remuneration system and comprise of the provision of company cars and driving and administration services as well as the usual mobile phone and communication resources, the reimbursement of expenses, and insurance benefits.

With the expiration of the resolution of the 2006 Annual General Meeting, pursuant to § 286 section 5, § 314 section 2, sentence 2 of the German Commercial Code (HGB), the fringe benefits for each individual member of the Managing Board will be listed from 2011.

5. Pension promises

The new remuneration system does not affect the existing pension promises. The retirement agreements of the German members of the Managing Board contain the promise of an annual retirement pension, which is calculated as a percentage of the pensionable income. The percentage rate depends on the term of the Managing Board membership. After five years of Managing Board membership, the rate is at least 40% of the pensionable income and can increase to a maximum of 65% of the pensionable income. The percentage rate for the Chairman of the Managing Board is 4% of the fixed annual salary for each year of service or part thereof, but no more than 60%. The pensionable income is equivalent to a contractually agreed percentage of the fixed annual salary of the Managing Board member.

The pension is paid monthly either

- after leaving the company upon reaching retirement age (pension benefit paid on individual basis between the 62nd and 65th year of age), or
- in the case of early termination of the agreement for reasons not attributable to the Managing Board member, provided the member has reached 60 years of age at the time the agreement is terminated, or
- due to permanent invalidity as a result of illness.

The retirement agreements include a survivor pension benefit. If a member of the Managing Board dies during the term of his employment contract, or after effectuating the pension benefit, the member's widow and dependant children receive a widow's/orphan's pension. The widow's pension is 60% of the deceased's pension benefit. The orphan's pension is 10% of the deceased's pension benefit as long as a widow's pension is being paid at the same time. If a widow's pension is not being paid at the same time, the orphan's pension is 20% of the deceased's pension benefit.

The retirement provision for Mr Daniel Gauthier is based on the retirement scheme of Cimenteries CBR S.A., a wholly owned subsidiary of HeidelbergCement AG, based in Brussels, Belgium. The pension promise is comparable to the retirement provision for the German members of the Managing Board in terms of the amount, and also contains a survivor pension benefit.

With the expiration of the resolution of the 2006 Annual General Meeting, pursuant to § 286 section 5, § 314 section 2, sentence 2 of the German Commercial Code (HGB), the retirement promises for each individual member of the Managing Board will be listed from 2011.

Prospects of Managing Board remuneration in 2011

With the introduction of the new remuneration system, the remuneration of each member of the Managing Board is shown on an individual basis. The fixed remuneration of the Managing Board will account for a total of EUR 4.8 million in 2011. The value of the variable remuneration (annual bonus and long-term bonus) will be EUR 7.7 million for the Managing Board, assuming that 100 % of the target is met.

Remuneration of the Managing Board members shall be compiled as follows from 1 January 2011:

Remuneration of the Managing Board members from 1 January 2011

EUR '000s	Fixed remuneration	Variable remuneration if 100 % of the target is reached		
	Fixed annual salary	Annual bonus	Long-term bonus with long-term incentive	**Total**
Dr. Bernd Scheifele	1,320	924	1,188	**3,432**
Dr. Dominik von Achten	700	490	630	**1,820**
Daniel Gauthier	700	490	630	**1,820**
Andreas Kern	700	490	630	**1,820**
Dr. Lorenz Näger	700	490	630	**1,820**
Dr. Albert Scheuer	700	490	630	**1,820**
Total	4,820	3,374	4,338	**12,532**

Pension promises

There have been no changes to existing pension promises. The projected service costs for pension promises in 2011 total EUR 780,000 for Dr. Bernd Scheifele, EUR 236,000 for Dr. Dominik von Achten, EUR 126,000 for Daniel Gauthier, EUR 138.000 for Andreas Kern, EUR 286,000 for Dr. Lorenz Näger and EUR 141,000 for Dr. Albert Scheuer.

Fringe benefits

Fringe benefits made in 2011 are expected to total EUR 1.3 million. For posts and offices held with Group companies, it is expected that Dr. Bernd Scheifele will receive EUR 300,000, Dr. Dominik von Achten EUR 50,000, Daniel Gauthier EUR 120,000, Andreas Kern EUR 300,000 and Dr. Lorenz Näger EUR 300,000. These amounts are to be offset fully against total remuneration. Furthermore, Dr. Bernd Scheifele and Dr. Lorenz Näger receive annual compensation of EUR 50,000 for expenses relating to their service on supervisory boards within HeidelbergCement Group, and Dr. von Achten for his service as Managing Board member in charge of the North America Group area. Fringe benefits also relate to taxation of monetary benefits, which are expected to total EUR 19,000 for Dr. Bernd Scheifele, EUR 11,000 for Dr. Dominik von Achten, EUR 3,000 for Daniel Gauthier, EUR 23,000 for Andreas Kern, EUR 16,000 for Dr. Lorenz Näger and EUR 23,000 for Dr. Albert Scheuer.

Adjustment of remuneration

The Supervisory Board still has the option of discretionary adjustment (administrative discretion) by ±25 % of the target value of the variable remuneration elements in order to account for the personal performance of the individual members of the Managing Board and/or for exceptional circumstances.

In accordance with § 87 section 2 of the German Stock Company Act (AktG), the Supervisory Board's right and obligation to reduce Managing Board remuneration to a reasonable amount remains unaffected, if the position of the Group worsens after the fixing to such an extent that it would be unfair for the Group if remuneration of the Managing Board continued to be granted unchanged.

Individual investment (share ownership)

To support the sustainable development of the Group, the Supervisory Board has decided upon a set of guidelines for the shareholdings of members of the Managing Board. Members of the Managing Board are obliged to invest part of their personal wealth to purchase a fixed number of HeidelbergCement shares and to hold these shares for the term of their membership on the Managing Board. The number of shares to be held by the Chairman of the Managing Board is set at 30,000 HeidelbergCement shares and at 10,000 HeidelbergCement for the other members of the Managing Board. In order to comply with the guidelines, half of the amount issued for the long-term bonus is to be used to buy shares in the company until the full individual investment is generated; the accumulation of the individual investment can thereby take several years. HeidelbergCement shares that are already held by Managing Board members are taken into account in the individual investment.

D&O liability insurance

The members of the Managing Board are covered in the Group's existing D&O liability insurance. The agreed deductible corresponds to the minimum deductible pursuant to § 93 section 2, sentence 3 of the German Stock Company Act (AktG) in the respective version.

Guidelines in the case of new agreements and extensions to existing Managing Board agreements

Redundancy pay cap

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured that payments to a member of the Managing Board – in the event of the early termination of a Managing Board membership – do not exceed the value of two annual remunerations (including fringe benefits) without serious cause and do not amount to more than the remaining term of the agreement. The redundancy pay cap is calculated based on the amount of the total remuneration for the past financial year and, if necessary, also on the amount of the anticipated total remuneration for the current financial year.

Change in control clause

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured – in the event of the early termination of a Managing Board membership – that benefits promised as a result of a change in control do not exceed 150% of the redundancy cap.

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Remuneration of the Supervisory Board

Supervisory Board remuneration was re-established by the 2010 Annual General Meeting with effect from the 2010 financial year. It consists of fixed remuneration and attendance fees. Each member receives EUR 40,000, with the Chairman receiving two-and-a-half times this amount and his Deputy one-and-a-half times. The members of the Audit Committee additionally receive fixed remuneration of EUR 15,000, the members of the Personnel Committee EUR 7,500, and the Chairmen of the committees twice these respective amounts. In addition, an attendance fee of EUR 1,500 is paid for each meeting of the Supervisory Board and its committees that is personally attended. In addition to the fixed remuneration, each member of the Supervisory Board shall receive a variable remuneration component, which is EUR 58 for each EUR 0.01 earnings per share exceeding the base amount of EUR 2.50 earnings per share. What is decisive are the earnings per share determined in accordance with the International Financial Reporting Standards and reported in the Group annual accounts for the financial year in which the remuneration is paid. The Chairman of the Supervisory Board shall receive two-and-a-half times, his Deputy one-and-a-half times this amount. The variable remuneration thus determined shall be limited to the amount of fixed remuneration. The variable remuneration granted to all Supervisory Board members may not exceed the overall balance sheet profit of the company, less 4 per cent of contributions paid towards the lowest issue amount of the shares. No variable remuneration was paid in the 2010 financial year. Total Supervisory Board remuneration paid for the 2010 financial year amounted to EUR 815,432 (previous year: 499,895).

The employee representatives on the Supervisory Board remit a significant portion of their Supervisory Board compensation to the recuperation facility for the employees at Heidelberg-Cement AG and – with the exception of the representative of the senior managers – to the trade union-linked Hans Böckler Foundation.

The Supervisory Board remuneration paid for the 2010 financial year is divided as follows:

The Supervisory Board remuneration paid for the 2010 financial year

EUR '000s (rounded off)

	Fixed remuneration	Remuneration for committee membership	Attendance fees	**Total**
Fritz-Jürgen Heckmann (Chairman)	100.00	22.50	10.50	**133.00**
Heinz Schmitt (Deputy Chairman)	60.00	22.50	10.50	**93.00**
Robert Feiger	40.00	15.00	7.50	**62.50**
Josef Heumann	40.00	7.50	10.50	**58.00**
Max Dietrich Kley	40.00	13.35	7.50	**60.85**
Hans Georg Kraut	40.00	7.50	10.50	**58.00**
Dr-Ing. Herbert Lütkestratkötter	37.59	[1]	6.00	**43.59**
Ludwig Merckle	40.00	45.00	10.50	**95.50**
Tobias Merckle	40.00	6.68	9.00	**55.68**
Alan Murray	37.81	[1]	7.50	**45.31**
Werner Schraeder	40.00	15.00	7.50	**62.50**
Frank-Dirk Steininger	40.00	[1]	7.50	**47.50**
Total	555.40	155.03	105.00	**815.43**

1) no membership

Supervisory Board and Managing Board

Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of HeidelbergCement AG consists of twelve members. Half of the members of the Supervisory Board shall be elected by the Annual General Meeting in accordance with the provisions of the German Stock Corporation Act and half by the employees in accordance with the provisions of the German Codetermination Law. The term of office for the Supervisory Board started with the conclusion of the Annual General Meeting of 7 May 2009 and ends according to schedule with the conclusion of the ordinary Annual General Meeting in 2014.

Fritz-Jürgen Heckmann
Chairman of the Supervisory Board
Stuttgart; Business Lawyer
Member since 8 May 2003
Chairman since 1 February 2005
Chairman of the Arbitration Committee and of the Nomination Committee and member of the Personnel Committee and the Audit Committee

Other Mandates:
a) Paul Hartmann AG (Chairman)
schlott gruppe Aktiengesellschaft (Chairman)
Wieland-Werke AG (Chairman)
b) HERMA Holding GmbH + Co. KG (Deputy Chairman)
Neue Pressegesellschaft mbH & Co. KG
Süddeutsche Verlag GmbH (Deputy Chairman)
Südwestdeutsche Medien Holding GmbH (Deputy Chairman)
URACA GmbH & Co. KG (Deputy Chairman)

Heinz Schmitt
Deputy Chairman
Heidelberg; Controller; Chairman of the Council of Employees at the headquarters of HeidelbergCement AG
Member since 6 May 2004
Deputy Chairman since 7 May 2009
Member of the Audit Committee, of the Arbitration Committee and of the Personnel Committee

Robert Feiger
Frankfurt; Deputy Chairman of the Federal Executive Committee, IG Bauen-Agrar-Umwelt
Member since 2 January 2008
Member of the Audit Committee

Other Mandates:
a) BAUER Aktiengesellschaft (Deputy Chairman)
b) Zusatzversorgungskasse des Baugewerbes AG
Zusatzversorgungskasse des Gerüstbaugewerbes VVaG

Josef Heumann
Burglengenfeld; Kiln Supervisor; Chairman of the Council of Employees at the Burglengenfeld plant, HeidelbergCement AG
Member since 6 May 2004
Member of the Personnel Committee

Max Dietrich Kley
Heidelberg; Attorney
Member since 6 May 2004
Member of the Audit Committee (since 10 February 2010)

Other Mandates:
a) BASF SE
SGL CARBON SE (Chairman)

Hans Georg Kraut
Schelklingen; Director of the Schelklingen plant of HeidelbergCement AG
Member since 6 May 2004
Member of the Personnel Committee and of the Arbitration Committee

Dr.-Ing. Herbert Lütkestratkötter
Essen; Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft
Member since 23 January 2010

Other Mandates:
a) HOCHTIEF Concessions AG
HOCHTIEF Construction AG
HOCHTIEF Facility Management GmbH
TÜV Rheinland Holding AG
b) Leighton Holdings Limited

Ludwig Merckle
Ulm; Managing Director of Merckle Service GmbH
Member since 2 June 1999
Chairman of the Personnel Committee and of the Audit Committee and member of the Nomination Committee

Other Mandates:
a) Kässbohrer Geländefahrzeug AG (Chairman)
Württembergische Leinenindustrie AG (Chairman)

Tobias Merckle
Leonberg; Managing Director of the association Prisma e.V. – Initiative für Jugendhilfe und Kriminalprävention
Member since 23 May 2006
Member of the Personnel Committee, of the Nomination Committee and of the Arbitration Committee (since 10 February 2010)

Alan Murray
Naples, Florida/US; former member of the Managing Board of HeidelbergCement AG
Member since 21 January 2010

Other Mandates:
b) International Power plc (Non executive Director)

Werner Schraeder
Ennigerloh; Building Fitter; Chairman of the General Council of Employees of HeidelbergCement AG and Chairman of the Council of Employees at the Ennigerloh plant of HeidelbergCement AG
Member since 7 May 2009
Member of the Audit Committee

Frank-Dirk Steininger
Frankfurt; Specialist in Employment Law for the Federal Executive Committee of IG Bauen-Agrar-Umwelt
Member since 11 June 2008

The above mentioned indications have the following meaning:

a) Membership in other legally required supervisory boards of German companies

b) Membership in comparable German and foreign supervisory committees of commercial enterprises

All indications refer to 31 December 2010.

Supervisory Board Committees

Personnel Committee

Ludwig Merckle, Chairman
Fritz-Jürgen Heckmann
Josef Heumann
Hans Georg Kraut
Tobias Merckle (since 10 February 2010)
Heinz Schmitt

Audit Committee

Ludwig Merckle, Chairman
Robert Feiger
Fritz-Jürgen Heckmann
Max Dietrich Kley (since 10 February 2010)
Heinz Schmitt
Werner Schraeder

Arbitration Committee, according to § 27, section 3 of the German Codetermination Law

Fritz-Jürgen Heckmann, Chairman
Hans Georg Kraut
Tobias Merckle (since 10 February 2010)
Heinz Schmitt

Nomination Committee

Fritz-Jürgen Heckmann, Chairman
Ludwig Merckle
Tobias Merckle (since 10 February 2010)

Managing Board

At present, there are six members on the Managing Board of HeidelbergCement AG: the Chairman of the Managing Board, the Chief Financial Officer and four members of the Managing Board with regional responsibilities. The Managing Board organisation is characterised by dual management responsibility: The operating units in the Group areas fall under the line responsibility of individual members of the Managing Board. In addition, they have cross-area responsibility for specific corporate functions with great strategic importance for the Group.

Dr. Bernd Scheifele
Chairman of the Managing Board
Area of responsibility: Strategy and Development, Communication & Investor Relations, Human Resources, Legal, Compliance, Internal Audit
Chairman of the Managing Board since 2005

Mandates:
a) Verlagsgruppe Georg von Holtzbrinck GmbH (Deputy Chairman)
Landesbank Hessen-Thüringen Girozentrale (member of the Board of Directors)
b) Castle Cement Limited [1]
ENCI Holding N.V. [1]
Hanson Limited [1]
Hanson Pioneer España, S.L. [1]
HeidelbergCement Holding S.à.r.l. [1]
HeidelbergCement India Ltd. [1]
HeidelbergCement Netherlands Holding B.V. [1]
PT Indocement Tunggal Prakarsa Tbk. [1]
RECEM S.A. [1]
TAMRO Oyj (Chairman of the Board of Directors)

Dr. Dominik von Achten
Area of responsibility: North America, Purchasing, worldwide coordination of Competence Center Materials
Member of the Managing Board since 2007

Mandates:
b) Castle Cement Limited [1]
HeidelbergCement Canada Holding Limited [1]
HeidelbergCement UK Holding II Limited [1]
Lehigh Hanson, Inc. [1]
Lehigh Hanson Materials Limited [1]
TITAL GmbH
Verlag Lensing-Wolff GmbH & Co. KG („Medienhaus Lensing")

Daniel Gauthier
Area of responsibility: Western and Northern Europe (without Germany), Africa-Mediterranean Basin, Group Services, Environmental Sustainability
Member of the Managing Board since 2000

Mandates:
b) Akçansa Çimento Sanayi ve Ticaret A.S. (Deputy Chairman)
Carmeuse Holding SA
Castle Cement Limited [1]
CBR Asset Management S.A. [1] (Chairman)
CBR Asset Management Belgium S.A. [1] (Chairman)
CBR Finance S.A. [1] (Chairman)
CBR International Services S.A. [1] (Chairman)
Cementrum I B.V. [1]
Cementrum II B.V. [1]
Cimenteries CBR S.A. [1] (Chairman)
Cimenterie de Lukala "CILU" SARL [1]
Civil and Marine Limited [1]
ENCI Holding N.V. [1] (Chairman)
Genlis Metal
Hanson Building Products Limited [1]
Hanson Pioneer España, S.L. [1]
Hanson Quarry Products Europe Limited [1]
HC Fuels Ltd. [1] (Chairman)
HC Trading International Inc. [1] (Chairman)
HC Trading B.V. [1] (Chairman)
HC Trading Malta Ltd [1]
HCT Holding Malta Limited [1]
HeidelbergCement Asia Pte Ltd [1]
HeidelbergCement Holding HK Limited [1]
HeidelbergCement Holding S.à.r.l. [1]
HeidelbergCement Northern Europe AB [1]
HeidelbergCement UK Holding Limited [1]
Interlacs SARL [1]
International Trading and Finance (ITF) B.V. [1] (Chairman)
Lehigh B.V. [1] (Deputy Chairman)
PT Indocement Tunggal Prakarsa Tbk. [1]
RECEM S.A. [1]
Scancem International DA [1] (Chairman)
Scancem International a.s [1] (Chairman)
Tadir Readymix Concrete (1965) Ltd [1]
TPCC Tanzania Portland Cement Company Ltd. [1]

Andreas Kern
Area of responsibility: Eastern Europe-Central Asia, Germany, Sales and Marketing, worldwide coordination of secondary cementitious materials
Member of the Managing Board since 2000

Mandates:
a) Basalt-Actien-Gesellschaft
Kronimus AG

b) Carpatcement Holding S.A. [1]
Castle Cement Limited [1]
CaucasusCement Holding B.V. [1] (Chairman)
Ceskomoravský cement, a.s., nástupnická spolecnost [1] (Chairman)
Duna-Dráva Cement Kft [1]
ENCI Holding N.V. [1]
Górazdze Cement S.A. [1] (Chairman)
Hanson Pioneer España, S.L. [1]
HC Fuels Limited [1]
HeidelbergCement Central Europe East Holding B.V. [1] (Chairman)
HeidelbergCement Netherlands Holding B.V. [1]
Joint Stock Company – Bukhtarminskaya Cement Company [1] (Chairman)
Limited Liability Company Kartuli Cementi [1]
Limited Liability Company SaqCementi [1] (Deputy Chairman)
Lithonplus GmbH & Co. KG

NCD Nederlandse Cement Deelnemingsmaatschappij B.V. [1)]
OAO Cesla [1)]
Public Joint Stock Company "HeidelbergCement Ukraine" [1)]
RECEM S.A. [1)]
Tvornica Cementa Kakanj d.d. [1)]

Dr. Lorenz Näger
Area of responsibility: Finance, Group Accounting, Controlling, Taxes, Insurance & Corporate Risk Management, IT, Shared Service Center, Logistics
Member of the Managing Board since 2004

Mandates:
b) Castle Cement Limited [1)]
Cimenteries CBR S.A. [1)]
ENCI Holding N.V. [1)]
Hanson Limited [1)]
Hanson Pioneer España, S.L. [1)]
HeidelbergCement Canada Holding Limited [1)]
HeidelbergCement Holding S.à.r.l. [1)]
HeidelbergCement India Ltd. [1)]
HeidelbergCement International Holding GmbH [1)]
HeidelbergCement Netherlands Holding B.V. [1)]
HeidelbergCement UK Holding Limited [1)]
HeidelbergCement UK Holding II Limited [1)]
Lehigh B.V. [1)] (Chairman)
Lehigh Hanson, Inc. [1)]
Lehigh Hanson Materials Limited [1)]
Lehigh UK Limited [1)]
Palatina Insurance Ltd [1)]
PT Indocement Tunggal Prakarsa Tbk. [1)]
RECEM S.A. [1)]
TAMRO Oyj

Dr. Albert Scheuer
Area of responsibility: Asia-Pacific, world-wide coordination of Heidelberg Technology Center
Member of the Managing Board since 2007

Mandates:
b) China Century Cement Limited
Cochin Cements Ltd. [1)]
Easy Point Industrial Ltd.
Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd.
HeidelbergCement Asia Pte Ltd [1)] (Chairman)
HeidelbergCement Bangladesh Ltd. [1)]
HeidelbergCement Holding HK Limited [1)]
HeidelbergCement India Ltd. [1)]
Jidong Heidelberg (Fufeng) Cement Company Limited
Jidong Heidelberg (Jingyang) Cement Company Limited
PT Indocement Tunggal Prakarsa Tbk. [1)] (Chairman)
Squareal Cement Ltd

The above mentioned indications have the following meaning:

a) Membership in other legally required supervisory boards of German companies

b) Membership in comparable German and foreign supervisory committees of commercial enterprises

Group mandates are marked with [1)].

All indications refer to 31 December 2010.

HeidelbergCement annual accounts

Due to rounding, numbers presented in the Group annual accounts may not add up precisely to the totals provided.

Group profit and loss accounts

EURm	Notes	2009	2010
Turnover	1	11,117.0	**11,761.8**
Change in stock and work in progress		-244.3	**2.1**
Own work capitalised		10.2	**8.0**
Operating revenue		10,883.0	**11,772.0**
Other operating income	2	411.5	**453.8**
Material costs	3	-4,219.5	**-4,731.3**
Employee and personnel costs	4	-2,041.5	**-2,086.2**
Other operating expenses	5	-2,931.5	**-3,168.8**
Operating income before depreciation (OIBD)		2,102.0	**2,239.4**
Depreciation of tangible fixed assets	6	-742.8	**-768.8**
Amortisation of intangible assets	6	-42.0	**-40.4**
Operating income		1,317.3	**1,430.3**
Additional ordinary income	7	144.1	**32.0**
Additional ordinary expenses	7	-639.1	**-134.2**
Additional ordinary result		-494.9	**-102.2**
Result from associated companies [1]	8	34.1	**35.3**
Result from other participations	8	4.0	**-29.5**
Earnings before interest and taxes (EBIT)		860.4	**1,333.8**
Interest income		86.3	**93.5**
Interest expenses		-722.5	**-677.3**
Foreign exchange losses		-9.2	**-12.7**
Other financial result	9	-229.6	**-138.3**
Financial result		-874.9	**-734.8**
Profit / loss before tax from continuing operations		-14.5	**599.1**
Taxes on income	10	190.1	**-59.7**
Net income from continuing operations		175.6	**539.3**
Net loss from discontinued operations	11	-8.0	**-28.4**
Profit for the financial year		167.7	**510.9**
Thereof minority interests		125.1	**168.2**
Thereof Group share of profit		42.6	**342.7**
Thereof proposed dividend	12	22.5	**46.9**
Earnings per share in EUR (IAS 33)	13		
Earnings per share attributable to the parent entity		0.30	**1.83**
Earnings per share – continuing operations		0.36	**1.98**
Loss per share – discontinued operations		-0.06	**-0.15**

1) Net result from associated companies	28.0	28.7

Group statement of comprehensive income

EURm	2009	2009	2010	2010
Profit for the financial year		167.7		**510.9**
Actuarial gains and losses	-267.5		**14.7**	
Income taxes	85.7		**-8.8**	
		-181.9		**5.9**
Cash flow hedges – change in fair value	1.2		**7.1**	
Reclassification of gains/losses included in the profit and loss accounts			**5.4**	
Income taxes	-0.5		**-3.4**	
		0.7		**9.2**
Available for sale assets – change in fair value	1.4		**5.9**	
Reclassification of gains/losses included in the profit and loss accounts			**8.7**	
Income taxes	2.4		**-3.6**	
		3.8		**11.0**
Business combinations	48.5			
Income taxes	-13.9		**0.2**	
		34.7		**0.2**
Other	2.0			
Income taxes	0.8			
		2.8		
Currency translation	576.0		**1,394.4**	
Income taxes	-9.6		**-12.2**	
		566.4		**1,382.1**
Other comprehensive income		426.5		**1,408.4**
Total comprehensive income		594.2		**1,919.3**
Relating to minority interests		154.3		**219.6**
Relating to HeidelbergCement AG shareholders		439.9		**1,699.6**

Group cash flow statement

EURm	Notes	2009 [1]	2010
Net income from continuing operations		175.6	**539.3**
Taxes on income		-190.1	**59.7**
Interest income/expenses		636.2	**583.8**
Dividends received		39.3	**24.0**
Interest received	14	65.3	**198.0**
Interest paid	15	-1,012.7	**-798.4**
Taxes paid		-219.4	**-152.9**
Depreciation, amortisation and impairment		1,278.9	**890.2**
Elimination of other non-cash items	16	140.9	**117.1**
Cash flow		914.0	**1,460.9**
Changes in operating assets	17	663.9	**-27.5**
Changes in operating liabilities	18	-106.7	**-27.9**
Changes in working capital		557.2	**-55.4**
Decrease in provisions through cash payments	19	-307.3	**-261.5**
Cash flow from operating activities		1,163.9	**1,144.0**
Intangible assets		-24.8	**-19.2**
Tangible fixed assets		-771.0	**-714.8**
Subsidiaries and other business units			**-113.9**
Other financial fixed assets		-24.4	**-23.8**
Investments (cash outflow)	20	-820.2	**-871.6**
Subsidiaries and other business units		58.5	**2.0**
Other fixed assets		226.7	**217.5**
Divestments (cash inflow)	21	285.2	**219.4**
Cash from changes in consolidation scope	22	-4.5	**4.0**
Cash flow from investing activities		-539.4	**-648.2**
Capital increase after retention	23	2,262.9	
Payments regarding costs of capital increase		-30.2	
Dividend payments - HeidelbergCement AG		-15.0	**-22.5**
Dividend payments - minority shareholders	24	-34.9	**-56.9**
Decrease in ownership interests in subsidiaries	25	216.0	**45.4**
Increase in ownership interests in subsidiaries	26	-1.3	**-4.8**
Proceeds from bond issuance and loans	27	11,511.3	**5,678.4**
Repayment of bonds and loans	28	-14,557.0	**-6,182.8**
Cash flow from financing activities		-648.2	**-543.2**
Net change in cash and cash equivalents		-23.8	**-47.3**
Effect of exchange rate changes		34.5	**63.5**
Cash and cash equivalents at 1 January		843.6	**854.4**
Cash and cash equivalents at 31 December		854.4	**870.5**
Reclassification of cash and cash equivalents according to IFRS 5			**-0.8**
Cash and cash equivalents presented in the balance sheet at 31 December	29	854.4	**869.7**

1) Prior year figures adjusted due to the amendment of IAS 7. Cash flows arising from changes in ownership interests in subsidiaries, that do not result in a loss of control, are classified as cash flows from financing activities.

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Group balance sheet

Assets			
EURm	Notes	31 Dec. 2009	31 Dec. 2010
Non-current assets			
Intangible assets	30		
Goodwill		9,804.2	**10,561.3**
Other intangible assets		264.6	**351.9**
		10,068.8	**10,913.2**
Tangible fixed assets	31		
Land and buildings		4,904.1	**5,233.4**
Plant and machinery		4,412.4	**4,584.9**
Fixtures, fittings, tools and equipment		236.3	**240.1**
Payments on account and assets under construction		667.3	**865.4**
		10,220.0	**10,923.9**
Financial fixed assets			
Investments in associates	32	349.4	**367.5**
Financial investments	33	79.3	**63.8**
Loans to participations	34	19.0	**19.1**
Other loans and derivative financial instruments	34	45.8	**70.0**
		493.5	**520.4**
Fixed assets		20,782.4	**22,357.4**
Deferred taxes	10	268.8	**355.8**
Other long-term receivables	34	183.3	**305.3**
Long-term tax assets		16.6	**22.1**
Total non-current assets		21,251.0	**23,040.7**
Current assets			
Stock	35		
Raw materials and consumables		595.3	**649.1**
Work in progress		147.3	**152.3**
Finished goods and goods for resale		601.0	**659.2**
Payments on account		12.5	**25.0**
		1,356.1	**1,485.6**
Receivables and other assets	36		
Short-term financial receivables		99.7	**76.5**
Trade receivables		1,298.8	**1,429.8**
Other short-term operating receivables		361.9	**374.6**
Current tax assets		238.4	**61.0**
		1,998.7	**1,941.9**
Financial investments and derivative financial instruments	37	47.9	**36.0**
Cash and cash equivalents	38	854.4	**869.7**
Total current assets		4,257.1	**4,333.2**
Disposal groups held for sale	39		**2.8**
Balance sheet total		25,508.1	**27,376.7**

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Liabilities

EURm	Notes	31 Dec. 2009	31 Dec. 2010
Shareholders' equity and minority interests			
Subscribed share capital	40	562.5	**562.5**
Share premium	41	5,539.4	**5,539.4**
Retained earnings	42	6,166.5	**6,481.6**
Other components of equity	43	-1,867.4	**-522.1**
Equity attributable to shareholders		10,401.0	**12,061.4**
Minority interests	44	602.0	**822.8**
Total equity		11,003.0	**12,884.2**
Non-current liabilities	47		
Debenture loans		4,898.9	**7,023.9**
Bank loans		2,981.9	**935.7**
Other long-term financial liabilities		278.4	**267.3**
		8,159.2	**8,226.9**
Puttable minorities		21.9	**76.6**
		8,181.1	**8,303.5**
Provisions for pensions	45	756.7	**844.4**
Deferred taxes	10	892.4	**823.8**
Other long-term provisions	46	1,023.8	**1,051.3**
Other long-term operating liabilities		204.4	**223.6**
Long-term tax liabilities		79.8	**90.7**
		2,957.1	**3,033.9**
Total non-current liabilities		11,138.1	**11,337.4**
Current liabilities	47		
Debenture loans (current portion)		699.5	**204.9**
Bank loans (current portion)		196.2	**203.3**
Other short-term financial liabilities		270.6	**416.6**
		1,166.3	**824.9**
Puttable minorities		15.1	**18.9**
		1,181.3	**843.8**
Provisions for pensions (current portion)	45	115.1	**94.4**
Other short-term provisions	46	176.3	**209.9**
Trade payables		931.6	**1,084.7**
Other short-term operating liabilities		763.1	**779.7**
Current income taxes payables		199.5	**138.9**
		2,185.6	**2,307.6**
Total current liabilities		3,366.9	**3,151.3**
Provisions and liabilities associated with disposal groups	39		**3.8**
Total liabilities		14,505.1	**14,492.5**
Balance sheet total		25,508.1	**27,376.7**

Group statement of changes in equity

EURm	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2009	375.0	3,470.9	6,317.0	-14.2
Profit for the financial year			42.6	
Other comprehensive income			-178.1	0.9
Total comprehensive income			-135.5	0.9
Changes in consolidation scope				
Capital increase from issuance of new shares [1]	187.5	2,068.5		
Dividends			-15.0	
31 December 2009	562.5	5,539.4	6,166.5	-13.3
1 January 2010	562.5	5,539.4	6,166.5	-13.3
Profit for the financial year			342.7	
Other comprehensive income			8.9	9.2
Total comprehensive income			351.6	9.2
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			23.8	
Changes in puttable minorities			-39.5	
Other changes			1.7	
Dividends			-22.5	
31 December 2010	562.5	5,539.4	6,481.6	-4.2

1) The capital increase from issuance of new shares was reduced by net transaction costs of EUR 56.5 million in accordance with IAS 32.37. Included are income tax benefits of EUR 23.2 million.

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**
9.2	4.9	-2,442.5	-2,442.7	7,720.1	540.7	**8,260.8**
				42.6	125.1	**167.7**
3.8	34.7	536.0	575.3	397.2	29.3	**426.5**
3.8	34.7	536.0	575.3	439.9	154.3	**594.2**
					-58.1	**-58.1**
				2,256.0		**2,256.0**
				-15.0	-34.9	**-49.9**
12.9	39.6	-1,906.5	-1,867.4	10,401.0	602.0	**11,003.0**
12.9	39.6	-1,906.5	-1,867.4	10,401.0	602.0	**11,003.0**
				342.7	168.2	**510.9**
11.0	0.2	1,327.6	1,348.0	1,356.9	51.5	**1,408.4**
11.0	0.2	1,327.6	1,348.0	1,699.6	219.6	**1,919.3**
					59.6	**59.6**
				23.8	17.8	**41.6**
				-39.5	-19.3	**-58.8**
	-2.7		-2.7	-1.0		**-1.0**
				-22.5	-56.9	**-79.4**
23.9	37.1	-578.9	-522.1	12,061.4	822.8	**12,884.2**

Segment reporting / Notes to the annual accounts

Group areas	Western and Northern Europe		Eastern Europe-Central Asia		North America	
EURm	2009	**2010**	2009	**2010**	2009	**2010**
External turnover	3,786	**3,761**	1,277	**1,138**	2,892	**3,033**
Inter-Group areas turnover	62	**50**	5			
Turnover	3,848	**3,811**	1,282	**1,138**	2,892	**3,033**
Change to previous year in %		**-1.0 %**		**-11.2 %**		**4.9 %**
Operating income before depreciation (OIBD)	687	**683**	361	**299**	340	**448**
as % of turnover	17.9 %	**17.9 %**	28.2 %	**26.3 %**	11.8 %	**14.8 %**
Depreciation	-252	**-276**	-98	**-96**	-254	**-260**
Operating income	435	**407**	263	**203**	86	**188**
as % of turnover	11.3 %	**10.7 %**	20.5 %	**17.8 %**	3.0 %	**6.2 %**
Result from participations	18	**18**	1	**-12**	5	**-9**
Impairment	-55	**-25**	-14	**-1**	-349	**-2**
Reversal of impairment	2		2	**4**		
Other additional result						
Additional ordinary result	-53	**-25**	-12	**3**	-349	**-2**
Earnings before interest and taxes (EBIT)	400	**401**	252	**194**	-259	**177**
Capital expenditures [1]	248	**178**	270	**202**	152	**146**
Segment assets [2]	6,883	**6,902**	1,722	**2,117**	7,746	**8,186**
OIBD as % of segment assets	10.0 %	**9.9 %**	21.0 %	**14.1 %**	4.4 %	**5.5 %**
Segment liabilities [3]	2,277	**2,279**	307	**334**	1,738	**1,753**
Number of employees as at 31 December	14,640	**14,302**	9,481	**9,959**	12,601	**11,899**
Average number of employees	15,265	**14,358**	10,106	**10,283**	14,391	**13,230**

Business lines	Cement		Aggregates		Building products	
EURm	2009	**2010**	2009	**2010**	2009	**2010**
External turnover	4,570	**4,831**	1,526	**1,683**	1,267	**1,169**
Inter-business lines turnover	712	**728**	597	**664**	6	**6**
Turnover	5,282	**5,560**	2,123	**2,347**	1,273	**1,174**
Change to previous year in %		**5.3 %**		**10.6 %**		**-7.7 %**
Operating income before depreciation (OIBD)	1,529	**1,639**	468	**539**	48	**102**
as % of turnover	28.9 %	**29.5 %**	22.1 %	**23.0 %**	3.7 %	**8.7 %**
Capital expenditures [1]	453	**480**	169	**170**	45	**36**
Segment assets [2]	5,927	**6,838**	12,061	**12,549**	1,214	**1,239**
OIBD as % of segment assets	25.8 %	**24.0 %**	3.9 %	**4.3 %**	3.9 %	**8.2 %**

1) Capital expenditures = in the segment columns: tangible fixed assets and intangible assets investments;
in the reconciliation column: financial fixed assets investments/acquisition of shares
2) Segments assets = tangible fixed assets and intangible assets
3) Segment liabilities = liabilities and provisions; the financial liabilities are recorded in the reconciliation column.

Asia-Pacific		Africa-Mediterranean Basin		Group Services		Reconciliation		Continuing operations	
2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
2,171	**2,582**	804	**901**	187	**347**			11,117	**11,762**
40	**27**	33	**37**	288	**362**	-429	**-476**		
2,211	**2,609**	837	**938**	475	**709**	-429	**-476**	11,117	**11,762**
	18.0 %		**12.0 %**		**49.3 %**				**5.8 %**
612	**718**	157	**156**	30	**20**	-85	**-84**	2,102	**2,239**
27.7 %	**27.5 %**	18.7 %	**16.6 %**	6.2 %	**2.9 %**			18.9 %	**19.0 %**
-114	**-132**	-31	**-35**			-35	**-10**	-785	**-809**
498	**586**	126	**121**	29	**20**	-120	**-94**	1,317	**1,430**
22.5 %	**22.5 %**	15.0 %	**12.9 %**	6.1 %	**2.8 %**			11.8 %	**12.2 %**
7	**7**	2	**2**	5	**1**			38	**6**
	-3	-76	**-23**					-495	**-53**
								4	**4**
						-4	**-53**	-4	**-53**
	-3	-76	**-23**			-4	**-53**	-495	**-102**
506	**590**	51	**99**	34	**21**	-4	**-53**	860	**1,334**
96	**174**	28	**34**			25	**138**	820	**872**
3,151	**3,837**	751	**755**	36	**40**			20,289	**21,837**
19.4 %	**18.7 %**	20.9 %	**20.6 %**	83.1 %	**50.9 %**			10.4 %	**10.3 %**
554	**606**	212	**305**	54	**68**	9,362	**9,147**	14,505	**14,493**
14,030	**13,682**	2,499	**3,539**	51	**55**			53,302	**53,437**
14,380	**13,622**	2,529	**3,109**	51	**54**			56,723	**54,655**

Concrete-service-other		Reconciliation		Continuing operations	
2009	**2010**	2009	**2010**	2009	**2010**
3,754	**4,079**			11,117	**11,762**
362	**435**	-1,676	**-1,833**		
4,115	**4,514**	-1,676	**-1,833**	11,117	**11,762**
	9.7 %				**5.8 %**
142	**46**	-85	**-86**	2,102	**2,239**
3.5 %	**1.0 %**			18.9 %	**19.0 %**
128	**48**	25	**138**	820	**872**
1,087	**1,211**			20,289	**21,837**
13.1 %	**3.8 %**			10.4 %	**10.3 %**

Notes to the 2010 Group annual accounts

General information

HeidelbergCement AG is a public limited company based in Germany. The company has its registered office in Heidelberg, Germany. Its address is: HeidelbergCement AG, Berliner Strasse 6, 69120 Heidelberg.

The core activities of HeidelbergCement include the production and distribution of cement, aggregates, concrete and building products. Further details are given in the management report.

Accounting and valuation principles

Accounting principles

The Group annual accounts of HeidelbergCement AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German Commercial Law pursuant to § 315a, section 1 of the German Commercial Code. All binding IFRSs for the 2010 financial year adopted into European law by the European Commission, as well as the announcements of the International Financial Reporting Interpretations Committee (IFRIC) were applied.

The previous year's figures were determined according to the same principles. The Group annual accounts are prepared in euro. The annual accounts show a true and fair view of the financial position and performance of the HeidelbergCement Group.

In accordance with IAS 1 (Presentation of Financial Statements), the Group annual accounts contain a balance sheet as at the reporting date, profit and loss accounts, a statement of comprehensive income, a statement of changes in equity, and a cash flow statement in accordance with the principles of IAS 7 (Cash Flow Statements). The segment reporting is prepared in accordance with the regulations of IFRS 8 (Operating Segments).

For reasons of clarity, some individual items have been combined in the profit and loss accounts and in the balance sheet. Explanations of these items are contained in the Notes. To improve the level of information, the additional ordinary result is shown separately in the profit and loss accounts and in the segment reporting. The profit and loss accounts classify the expenses according to their nature.

Estimation uncertainty and assumptions

The presentation of the financial position and performance in the Group annual accounts is dependent on estimates and assumptions made by the management, which affect the amount and presentation of the assets and liabilities, expenses and income, and contingent liabilities accounted for in the period. The actual values may differ from these estimates. The assumptions and estimates relate particularly to the necessity and calculation of impairment of goodwill, the recognition of deferred tax assets, and the measurement of provisions for pensions and other provisions.

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of cash-generating units as part of the impairment test for goodwill. Particular estimates are required here in relation to future cash flows of the cash generating units as well as to the discount rates used (discounted cash flow method). Further details are given on page 159 ff. A change in the influencing factors may have a significant impact on the amount of impairment.

To assess the future probability that deferred tax assets can be utilised, various estimates must be adopted, e.g. operational plans, periods of loss carried forward, and tax planning strategies. If the actual results deviate from these estimates, this may impact the financial position and performance.

The obligations arising from defined benefit pension plans are determined on the basis of actuarial methods, which are based on assumptions and estimates concerning the discount rate, expected income from plan assets, future salary increases, development of health care costs as well as other influencing factors. A change in the underlying parameters may lead to changes in the amounts recognised on the balance sheet. Further details are given under item 45 Provisions for pensions.

Provisions to cover liability for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the profit and loss accounts as well as the amounts recognised in the balance sheet.

The recognition and measurement of the other provisions takes place with the aid of estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources accounted for at the reporting date and may have an impact on the recognition and measurement.

The presentation of liabilities in connection with reimbursements from insurance companies depends on the outcome of pending lawsuits.

Consolidation principles

The consolidation is performed using the acquisition method in accordance with IFRS 3 (Business Combinations). In this process, the acquirer measures the acquired identifiable assets and liabilities assumed at their fair values at the acquisition date. The acquiring entity's investment, measured at the fair value of the consideration transferred, is eliminated against the revalued equity of the newly consolidated subsidiary at acquisition date. The residual positive difference between the fair value of the cost of acquisition and the fair value of acquired assets and liabilities is shown as goodwill. A residual negative difference is recognised in profit or loss after further review. Minority interests can either be recognised with the proportionate net assets allocated to them or at fair value. This option can be applied separately for every business combination. Transaction costs relating to business combinations are recorded as expenses. Goodwill is tested for impairment according to IAS 36 (Impairment of Assets) at least once a year in the fourth quarter according to the current operational plan or upon the occurrence of significant events or changes in circumstances that indicate an impairment requirement. Business combinations achieved in stages are accounted for based on the regulations of IFRS 3.41 f. Differences between the carrying amount and the fair value of previously held shares are recognised in profit or loss, accordingly.

The Group annual accounts comprise the subsidiaries in which HeidelbergCement is able to govern the financial and operating policies. Normally, this is the case when more than 50% of the shares are owned. If company law stipulates that a company can be controlled despite a shareholding of less than 50%, this company is included in the Group annual accounts as a subsidiary. If a company cannot be controlled with a shareholding of more than 50% as a result of contractual regulations, this company is not included in the Group annual accounts as a subsidiary.

The minority interests' share of equity and of the profit or loss for the financial year are shown separately. In the case of put options held by minorities as well as minority interests in German partnerships, the share of the period's overall profits proportionate to the minorities as well as the dividend payments to minority shareholders are shown over the course of the year as changes in equity. As at the reporting date, the liability from the put option 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. In the statement of changes in equity, this is reported in the line "Changes in puttable minorities".

Significant joint ventures of the HeidelbergCement Group are included in the Group annual accounts as proportionately consolidated companies (IAS 31 Interests in Joint Ventures). Using this method, the Group accounts for its share of the assets, liabilities, income, expenses and cash flows in the corresponding lines of the Group annual accounts.

Investments in associates, in cases where HeidelbergCement exerts significant influence on the operating and financial policies of the participation through a shareholding of between 20% and 50% are accounted for in accordance with the equity method (IAS 28 Investments in Associates) in the Group annual accounts. Initially, the acquired investments are recognised at cost, with the Group's share of profit or loss being recognised as an increase or decrease to the carrying value of the investment. In order to present the results from participations in a more meaningful way, the Group's share of income from associates is shown before taxes on income. The proportionate income tax expense is shown under taxes on income. The net profit from associated companies is shown separately below the profit and loss accounts.

Income and expenses as well as receivables and payables between consolidated companies are eliminated according to IAS 27 (Consolidated and Separate Financial Statements). Profits and losses from intra-Group sales of assets are eliminated.

The consequences of consolidation on income tax are taken into account by recognising deferred taxes.

Application of new accounting standards

In the 2010 financial year, HeidelbergCement applied the following revised standards and interpretations of the International Accounting Standards Board (IASB) for the first time.

- The amendments to IFRS 2 (Group Cash-settled Share-based Payment Transactions) clarify how cash-settled share-based payments should be shown in separate financial statements of subsidiaries in compliance with IFRS, if the payments are settled by the parent company or another Group company. At the same time, the amendment of IFRS 2 resulted in the withdrawal of IFRIC 8 (scope of IFRS 2) and IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions). The amendments had no impact on the financial position and performance of the Group as there are no share option schemes in the HeidelbergCement Group.
- The major changes from the revision of IFRS 3 (Business Combinations) concern the determination of the purchase price, the measurement of minority interests and the accounting of step acquisitions. Contingent elements of the purchase price or other considerations are evaluated at the acquisition date with the fair value of shares and recognised either as a liability or as equity pursuant to the regulations of IAS 32. Transaction costs directly connected to the business combination should not be included in the purchase price but should always be recognised in profit or loss. In the case of minority interests, these may optionally be recognised at either the fair value or at the share of the identifiable net assets. In the case of step acquisitions, differences in amounts arising between the carrying value and the fair value of previously held shares must now be recognised in profit or loss. Effects resulting from the liquidation of business relationships existing before the business combination must – in accordance with the new version of IFRS 3 – not be included when calculating the consideration for the combination. Furthermore, the revised IFRS 3 now governs the recognition and measurement of reacquired rights. The initial application of the revised IFRS 3 had no major impact on the Group's financial position and performance.
- The main amendments of IAS 27 (Consolidated and Separate Financial Statements) concern the accounting of amendments to the percentage of shares held as well as the minority interests. Changes in ownership interest that do not result in a loss of control are accounted for as equity transactions and do not lead to profit recognition and/or the adjustment of goodwill. In the case of a loss of control, the assets and liabilities of the subsidiary are recognised in profit or loss. Residual shares and/or assets and liabilities in the case of proportionately consolidated companies are now recognised at fair value. Differences between the carrying value thus far and the fair value are recognised in profit or loss. Minorities must now even be attributed to loss, if this results in minority interests showing a deficit balance. The initial application of the revised IAS 27 had no major impact on the Group's financial position and performance.

Due to the revision of IAS 27, IAS 7 (Cash Flow Statement) was amended in such a way that the presentation of cash flows is based on whether control is thus attained or relinquished and accordingly whether it concerns equity transactions between shareholders. Cash flows resulting from the attainment or loss of control are shown in the cash flow statement as "investments in or divestments of subsidiaries and other business units" in cash flow from investing activities. Cash flows resulting from transactions with shareholders (no loss of control) are now shown in cash flow from financing activities as "increase or decrease in ownership interests in subsidiaries." As the amendment to IAS 7 was applied retrospectively, the values for the previous year were adjusted accordingly.

– The amendment of IAS 39 (Financial Instruments – Eligible Hedged Items) sets in concrete terms how the principles of IAS 39 on hedge accounting should be applied with regard to the designation of one-sided risks in a hedged item and the designation of inflation risks as a hedged item. The amendment to IAS 39 had no impact on the Group's financial position and performance.

– IFRIC 12 (Service Concession Arrangements) governs how service concession operators should apply existing IFRS to their service concession arrangements in order to recognise the obligations entered into and rights obtained in connection with these arrangements. The initial application of IFRIC 12 had no impact on the Group's financial position and performance.

– IFRIC 17 (Distributions of Non-cash Assets to Owners) governs the accounting of a liability concerning non-cash dividend distribution, which should be recognised when the dividend distribution is no longer at the discretion of the entity. The initial application of IFRIC 17 had no impact on the Group's financial position and performance.

– IFRIC 18 (Transfer of Assets from Customers) governs the accounting treatment of transfers of assets and is particularly relevant for companies in the energy sector. The initial application of IFRIC 18 had no impact on the Group's financial position and performance.

– As part of the 2009 annual improvement process, the IASB published the second collection of minor amendments to the IFRS, issued annually. The collection contains 15 different amendments to 12 existing IFRS. The amendments had no impact on the financial position and performance of the Group.

The IASB and IFRIC also adopted the standards and interpretations listed below, whose application was not yet mandatory for the 2010 financial year or have not yet been ratified by the European Commission as at the reporting date.

– According to the amendments to IFRS 7 (Financial Instruments: Disclosures), additional information on new liabilities must be provided for financial assets that – despite a transferral of rights – have not been completely derecognised. The amendments are to be applied for the first time for financial years beginning on or after 1 July 2011 (not yet adopted by EU law).

– The publication of IFRS 9 (Financial Instruments) concludes phase 1 of the three-part IASB project to completely revise the accounting of financial instruments. IFRS 9 pursues a new, less complex approach for the categorisation and measurement of financial assets and financial liabilities. Instead of the previous four measurement categories for financial instruments on the assets side, there are now only two. The categorisation is based firstly on the company's business model and secondly on characteristic properties of the contractual cash flows of the relevant financial asset. The accounting of financial liabilities pursuant to IFRS 9 is essentially performed in the same way as the previous regulations of IAS 39 (Financial Instruments: Recognition and Measurement). The only changes made were those within the context of the fair value option: Currency changes attributable to changes in the credit risk are to be directly recognised in other comprehensive income, not effecting profit or loss. Furthermore, the option for at-cost valuation of derivative liabilities for unlisted equity instruments shall in future be omitted. IFRS 9 is to be applied for financial years beginning on or after 1 January 2013 (not yet adopted by EU law).

- The amendment to IAS 12 (Income Taxes) provides a practical solution for the problem of differentiation, whether the carrying value of an asset is realised through use or sale. The rebuttable assumption is made that the carrying value is usually realised through sale. As a result of this, SIC 21 (Income Taxes – Recovery of Revalued Non-Depreciable Assets) no longer applies for property held as financial investments assessed at fair value.
- The revision of IAS 24 (Related Party Disclosures) simplifies the reporting obligations of state-controlled entities. Furthermore, the definition of related parties was also fundamentally revised. The revised standard is applicable for financial years beginning on or after 1 January 2011.
- The amendment to IAS 32 (Financial Instruments: Presentation) concerns the classification of subscription rights. It states that certain subscription rights as well as options and warrants in foreign currency are now to be recognised as equity and no longer as a liability in the accounts of the issuer to whose equity instruments these rights relate. The amendment is applicable for financial years commencing on or after 1 February 2010.
- The amendments to IFRIC 14 (Prepayments of a Minimum Funding Requirement) are relevant if a company, that has to fulfil minimum funding requirements in connection with its pension plans, makes prepayments to meet these requirements. The change in the interpretation allows the companies to recognise the benefit arising from these prepayments as an asset. The amendments are applicable for financial years commencing on or after 1 January 2011.
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) contains guidelines for the treatment of transactions designated as "debt for equity swaps" and clarifies the requirements set out in the IFRS if a company renegotiates the conditions of a financial liability with the creditor and, as a result, the creditor accepts shares or other equity instruments of the company as full or partial repayment of the financial liability. IFRIC 19 is applicable for financial years beginning on or after 1 July 2010.
- As part of the 2010 annual improvement process, the IASB made minor amendments to six International Financial Reporting Standards (IFRS) as well as an interpretation (IFRIC). Unless otherwise specified in an individual case, the amendments are applicable for financial years beginning on or after 1 January 2011.

HeidelbergCement will not apply these standards and interpretations until the date when their application first becomes mandatory and after ratification by the EU Commission. The effects of IFRS 9 are currently being analysed. According to current estimates, the first-time application of the other standards will not have a significant impact on the financial position and performance of the Group.

Recognition and measurement principles

The Group annual accounts are generally prepared using the historical cost principle. Exceptions to this are derivative financial instruments and available-for-sale investments, which are measured at fair value. The carrying amounts of hedged assets and liabilities, recognised in the balance sheet and hedged by fair value hedge relationships, are adjusted for changes in the fair value attributable to the risk being hedged. These assets and liabilities would otherwise be accounted for at cost. The fundamental recognition and measurement principles are outlined below.

According to IAS 38 (Intangible Assets), an **intangible asset** is an identifiable non-monetary asset without physical substance. The definition requires an intangible asset to be identifiable in order to distinguish it from goodwill.

An asset meets the identifiability criterion if it is separable or arises from contractual or other legal rights. Intangible assets are initially measured at cost. In subsequent periods, intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment, and intangible assets with an indefinite useful life are measured at cost less impairment. Intangible assets with a finite useful life are amortised using the unit of production method, in the case of quarrying licences, and otherwise using the straight line method.

Emission rights are shown as intangible assets in accordance with the IFRS regulations (IAS 38). Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment. The second national allocation plan (NAP II) for the allocation of CO_2 emissions allowances (EUA) spans a period of five years (2008-2012). This period serves as a basis for assessing the deficit/surplus. Provisions are recognised if a deficit exists. In the reporting year, HeidelbergCement sold surplus emissions allowances over and above the emissions volume allocated for 2010. In addition, the Group has made a commitment to supply emission rights allowances (EUA) in exchange for certified emission reductions (CER) in a series of swaps. Swap transactions are capitalised as intangible assets and measured at fair value through profit or loss on the reporting date.

In accordance with IFRS 3 (Business Combinations), **goodwill** arising from business combinations is not amortised. Instead, an impairment test according to IAS 36 (Impairment of Assets) is carried out. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared to the recoverable amount of this group of CGUs. On the basis of the sales and management structure, a group of cash-generating units is defined generally as a country or region.

As soon as the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss to reduce the asset to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction. The value in use is calculated by discounting estimated future cash flows after taxes with a post-tax risk-adjusted discount rate (WACC).

Cash flow estimates are derived for a five year period after which a terminal value is applied. Detailed operational planning approved by management forms the basis of the estimate of the first three years, after which the cash flows are extrapolated for a further two years based upon an appropriate growth level to determine a steady state for the terminal value.

The WACC rates for the Group were calculated using a two phase approach, whereby a phase one WACC rate was used to discount the cash flows for the first five years and for the determination of the terminal value, a phase two WACC was applied. The difference between the two WACC rates results from the adjustment of the perpetual growth rate in phase two. The credit spread was derived from the rating of the peer group. The so determined terminal value was then discounted back to the valuation date with the phase one WACC.

The following key assumptions were used in the determination of the recoverable amount on the value in use basis, for each group of CGUs where the goodwill is either a significant proportion of the Group total or where impairment has been recognised or where a segment consists of an amalgamation of groups of CGUs with attributable goodwill that is not a significant proportion of the Group total.

Assumptions made in the calculation of impairment of goodwill	Carrying amount of goodwill in EURm		Weighted average cost of capital after taxes [2]		Perpetual growth rate	
Group area / CGU [1]	31 Dec. 2009	**31 Dec. 2010**	31 Dec. 2009	**31 Dec. 2010**	31 Dec. 2009	**31 Dec. 2010**
Western and Northern Europe	3,242.1	**3,343.1**	7.1% - 11.2%	**6.5% - 9.5%**	1.5% - 2.0%	**1.5% - 2.0%**
United Kingdom	2,068.3	**2,145.3**	8.0%	**6.9%**	1.5%	**1.5%**
Eastern Europe-Central Asia	585.3	**618.0**	8.1% - 17.6%	**7.8% - 14.1%**	1.5% - 2.0%	**1.5% - 2.0%**
North America	4,055.4	**4,332.0**	7.5%	**6.6%**	2.0%	**2.0%**
Asia-Pacific	1,599.5	**1,913.7**	6.3% - 16.0%	**6.5% - 13.5%**	1.5% - 2.0%	**1.5% - 2.0%**
Australia	1,168.4	**1,435.5**	9.2%	**8.7%**	1.5%	**1.5%**
Africa-Mediterranean Basin	290.2	**318.5**	7.9% - 17.7%	**9.2% - 18.9%**	1.5% - 2.0%	**1.5% - 2.0%**
Spain	68.6	**45.9**	7.9%	**9.4%**	1.5%	**1.5%**
Group Services	31.7	**36.0**	7.2%	**6.5%**	1.5%	**1.5%**
Total	9,804.2	**10,561.3**				

1) CGU = Cash-generating unit

2) The weighted average cost of capital shown for 2010 is the second phase WACC, before adjustment for growth, used to calculate the terminal value. The phase one weighted average cost of capital is equal to the second phase WACC before adjustment for growth.

For the significant CGU groups identified above, the operational planning assumes that in the medium term the construction markets will recover from the effects of the financial and economic crisis and that the demand will return to a stable level as it was before the crisis. The sales volumes derived thereof are generally based on the assumption of constant market shares. Furthermore, it was assumed that the savings achieved in the scope of the Hanson integration and further cost reduction programmes ("Fitness 2009", "FitnessPlus 2010", "Fox 2013") will positively influence the operating margins. The perpetual growth assumptions reflect the estimated long-term growth over many cycles in the construction sector, which can be evidenced from external historical construction spending data.

As a result of the impairment testing procedures performed, the Group recognised a total impairment of goodwill of EUR 23.6 million. The impairment mainly relates to the CGU Spain whose recoverable amount calculated with the value in use method, described above, was lower than the amount of goodwill allocated. The impairment results, on the one hand, from the heavy increase in the credit spreads for the cost of debts in comparison with previous years, especially from November 2010 onwards. On the other hand, the management assumes that due to the debt crisis in Spain the construction materials industry will only recover slowly.

Furthermore, smaller impairments were recognised in the business area Western and Northern Europe amounting to a total of EUR 1.0 million.

In the previous year, the Group recognised a total impairment of goodwill of EUR 420.5 million. The impairment losses primarily related to the United Kingdom (EUR 11.9 million), Spain (EUR 59.9 million), Israel (EUR 14.0 million) and North America (EUR 332.1 million).

In the CGU Australia, the management has identified that a marginal change in the key assumptions (WACC and perpetual growth rate) would give rise to that unit's carrying amount to exceed its recoverable amount. The management does not rule out such development. The following table shows the excess of the recoverable amount over the carrying amount and changes of the key assumptions required for the recoverable amount to be equal to the carrying amount.

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1 To our shareholders
2 Combined management report
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Assumptions changes giving rise to recoverable amount equal to carrying amount	
	CGU [1] Australia
Excess of recoverable amount over carrying amount in EURm	55.0
WACC sensitivity [2]	0.161
Perpetual growth rate sensitivity [2]	-0.219

1) CGU = Cash-generating unit
2) Increase and decrease in percentage points

All other groups of CGUs remain unimpacted by a WACC increase of up to 0.497 percentage points or with a reduction of 0.812 percentage points in the perpetual growth rate.

Tangible fixed assets are accounted for according to IAS 16 (Property, Plant and Equipment) at cost less accumulated depreciation and impairment. The costs of conversion include all costs that can be attributed to the manufacturing process and appropriate amounts of production overheads. Costs for repair and maintenance of tangible fixed assets are expensed as incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset. Tangible fixed assets are depreciated on a straight-line basis unless there is another depreciation method more appropriate for the pattern of use. Borrowing costs that can be allocated directly or indirectly to the construction of large facilities with a creation period of more than 12 months (Qualifying Assets) are capitalised as part of the cost in accordance with IAS 23 (Borrowing Costs).

Stock is valued in accordance with IAS 2 (Inventories) at the lower of cost and net realisable value, using the weighted average cost method. Adequate provisions are made for risks relating to quality and quantity. Besides direct expenses, the costs for finished goods and work in progress include production-related indirect materials and indirect labour costs, as well as production-related depreciation. The overhead rates are calculated on the basis of the average operating performance rate. Borrowing costs are not recognised as part of the costs because the production period is less than 12 months. Spare parts for equipment are reported under stocks or fixed assets if purchased in connection with the acquisition of the facility.

Long-term service and construction contracts spanning a longer period of time are accounted according to the extent of completion (Percentage of Completion Method).

Provisions for pensions and similar obligations are determined in accordance with IAS 19 (Employee Benefits). For numerous employees, the Group makes provision for retirement either directly or indirectly through contributions to pension funds. Various retirement benefit systems are in place, depending on the legal, economic and tax framework in each country, which are generally based on employees' years of service and remuneration. The provisions for pensions include those from current pensions and from entitlements from pensions to be paid in the future.

At HeidelbergCement, the company pension schemes include both defined contribution and defined benefit plans. In defined contribution plans, the Group pays contributions into earmarked funds. After paying the contributions, the Group has no further benefit obligations. In defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees. A distinction is made between benefit systems financed by provisions and those financed by funds.

The most significant retirement benefit plans financed by funds exist in Belgium, the Netherlands, the United Kingdom, the United States, Canada, Norway, India, and Indonesia. The retirement benefit system in Indonesia consists of a statutory defined benefit plan and a company-based defined contribution plan financed by funds, the benefits from which may be set off against the statutory benefits. In Germany and Sweden, the retirement benefit plans are financed by means of provisions. HeidelbergCement also has a retirement benefit system financed by provisions to cover the medical care costs of pension recipients in Belgium, Indonesia, Canada and the US, and for early retirement commitments in Belgium.

The pension obligations and the available plan assets are valued annually by independent experts for all major Group companies. The pension obligations and the expenses required to cover this obligation are measured in accordance with the internationally accepted projected unit credit method.

The actuarial assumptions are dependent on the economic situation in each individual country and reflect realistic expectations. The interest rate is based on the interest rate level obtained on the measurement date for high-quality fixed interest-bearing securities/corporate bonds with a duration corresponding to the pension plans concerned in the relevant country. The expected income from the pension funds is determined using a uniform method based on long-term actual historical yields, the portfolio structure and the future yields expected in the long term.

Actuarial gains and losses may result from increases or decreases in the present value of the defined benefit obligations or the fair value of the plan assets. These may be caused by, for example, changes in the calculation parameters, changes in estimates of the risk experience of the pension obligations or differences between the actual and expected return on plan assets. HeidelbergCement records the actuarial gains and losses in retained earnings in accordance with IAS 19.93A with no effect on profit or loss and shows these in the statement of comprehensive income.

In addition gains and losses that have to be shown in profit or loss may arise from plan changes (curtailments or past service cost) or plan settlements. Curtailments and settlements have to be amortised immediately, while past service cost may be amortised over the period until they are vested.

Other provisions are recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if, as a result of past events, there are legal or constructive obligations towards third parties that are likely to lead to outflows of assets that can be reliably determined. The provisions are calculated on the basis of the best estimate, taking into account all identifiable risks.

Deferred tax assets and liabilities are recognised in accordance with the liability method (IAS 12 Income Taxes). This means that, with the exception of goodwill arising on capital consolidation, deferred taxes are recognised for all temporary differences between the IFRS accounts and the tax accounts regardless of the period of time within which these differences are likely to reverse. Furthermore, deferred tax assets are recognised on unused tax losses carried forward, to the extent that the probability of their recovery in subsequent years is sufficiently high. Deferred tax liabilities are considered in connection with undistributed profits from subsidiaries, joint ventures and associates, unless HeidelbergCement is able to control the dividend policy of the companies and no dividend distribution or disposal is anticipated in the foreseeable future. The deferred taxes are measured using the rates of taxation that, as of the balance sheet date, are applicable or have been announced as applicable in the individual countries for the period when the deferred taxes are realised. Deferred tax assets and liabilities are offset if there is an enforceable right to set off current tax assets and liabilities and if they relate to taxes on income levied by the same taxing authority and the Group intends to settle its current tax assets and liabilities on a net basis.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

Non-derivative financial instruments are, in principle, measured at fair value when first recognised. These include non-current and current investments, loans and receivables granted and financial liabilities.

Financial assets or liabilities measured at fair value through profit or loss are (structured) financial instruments classified as held for trading.

Non-current and current investments that are categorised as "Available for sale" in accordance with IAS 39 (Financial Instruments – Recognition and Measurement) are regularly measured at fair value if it can be reliably ascertained. This class of instruments is referred to, in the following, as investments "Available for sale at fair value". The unrealised gains and losses resulting from the subsequent measurement are recognised directly in equity. The stock market price at the balance sheet date forms the basis of the fair value. Investments in equity instruments, for which no listed price on an active market exists and whose fair values cannot be reliably determined with justifiable expense, are measured at cost. This class of instruments is referred to, in the following, as investments "Available for sale at cost". This concerns other participations that are not listed on the stock exchange. If the fair values of available-for-sale investments fall below the cost and there is objective evidence of a significant or permanent impairment, the accumulated gains and losses previously recognised in equity are recognised directly in profit or loss. The recognition of reversals of impairment in profit or loss for equity instruments held is not permitted.

Loans and receivables are measured at amortised cost, using the effective interest method if applicable, provided that they are not linked with hedging instruments. This concerns long-term loans, interest-bearing receivables, trade receivables and other short-term operating receivables. In principle, the amortised cost in the case of short-term receivables corresponds to the nominal value or the repayment sum. If there is objective evidence of impairment of the loans and receivables, impairment losses are recognised in profit or loss. For trade receivables, the impairment losses are recognised through the use of a provision for doubtful debts account. Reversals are carried out if the reasons for the impairment losses no longer apply. In the past financial year, there were no financial assets (as in the previous year) whose terms have been changed which would otherwise have been overdue or impaired.

Non-derivative financial liabilities are recognised for the first time at the fair value of the consideration received or at the value of the cash received less transaction costs incurred, if applicable. These instruments are subsequently measured at amortised cost using the effective interest method. This includes trade payables, other short-term operating liabilities and short- and long-term financial debts. Long-term financial liabilities are discounted. In principle, the amortised cost in the case of short-term financial liabilities corresponds to the nominal value or the repayment sum.

The Group has not yet made use of the possibility of designating non-derivative financial instruments, when first recognised, as financial instruments at fair value through profit or loss. All non-derivative financial instruments are accounted for at the settlement date.

A **derivative financial instrument** is a contract whose value is dependent on a variable, which usually requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a later date. All derivative financial instruments are measured at fair value on the trade date when first recognised. The fair values are also relevant for the subsequent measurement. The fair value of traded derivative financial instruments corresponds to the market value. This value can be positive or negative. For derivative financial instruments, the fair value corresponds to the amount that HeidelbergCement would either receive or have to pay at the reporting date in the case of early termination of this financial instrument. This is calculated on the basis of the relevant exchange and interest rates on the reporting date. Average rates are used for the calculation.

In the HeidelbergCement Group, derivative financial instruments such as currency forwards, currency option contracts, interest rate swaps or interest rate options are, in principle, used to minimise financial risks. The focus is on hedging interest, currency and other market price risks. The market valuations are monitored regularly by the Group Treasury department. No derivative financial instruments are contracted or held for speculative purposes.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or usage requirements and held as such ("own use contracts") are accounted for as pending transactions rather than derivative financial instruments. Written options for the purchase or sale of non-financial items that can be cash settled are not classified as own use contracts.

Structured financial instruments consist of a non-derivative basic contract and an embedded financial derivative. The two components are legally inseparable. These are usually contracts with riders. Separate accounting of the embedded derivative and the basic contract is required if the economic characteristics and risks are not closely linked with the basic contract, the embedded derivative fulfils the same definition criteria as a derivative and the structured financial instrument is not measured at fair value through profit or loss. The contract of the structured financial instrument may also be measured in total at fair value through profit or loss unless the embedded derivative changes the resulting cash flows to an insignificant degree or separation of the embedded derivative is not permitted.

Hedge accounting denotes a specific accounting method that modifies the accounting of the hedged item and hedge of a hedging relationship so that the results of measuring the hedged item or hedge are recognised in the period incurred directly in equity or in profit or loss. Accordingly, hedge accounting is based on matching the offsetting values of the hedge and the hedged item.

For accounting purposes, three types of hedge exist in accordance with IAS 39, provided that the stringent conditions for hedge accounting are fulfilled in each individual case.

– Cash flow hedges

Where necessary, HeidelbergCement hedges the risk of fluctuation in future cash flows. The risk of interest rate fluctuations in the case of variable interest is hedged by means of swaps that convert variable interest payments into fixed interest payments. This method is also used for hedging currency risks of transactions to be executed in foreign currency in the future. The market value of the derivatives used for hedging is shown in the balance sheet. As an offsetting item, the other components of equity are adjusted to the amount of the effective portion, taking deferred taxes into account. They are only recognised in profit or loss when the hedged future cash flows are realised. The ineffective portion is recognised directly in the profit or loss for the period.

– Fair value hedges

The Group hedges against fluctuations in the fair value of assets or liabilities. In particular, the foreign exchange risk that arises when financial instruments are accounted for in a currency other than the functional currency is hedged. In addition, selectively the fair value of fixed interest-bearing liabilities by means of conversion to variable interest is hedged. In the case of hedging against fluctuations in the fair value of certain balance sheet items (fair value hedges), both the hedge and the hedged share of the risk of the underlying transaction are recognised at fair value. Changes in fair value are recognised in profit or loss.

– Hedging a net investment in a foreign operation

When acquiring foreign companies, the investment can, for example, be hedged with loans in the functional currency of the foreign company. In these cases, the currency risk arising on the subsidiary's equity through fluctuations in exchange rates (translation risk) is designated as a hedged risk. The loans are converted using the exchange rate applicable at the balance sheet date. As an offsetting item, the foreign currency translation reserves in equity are adjusted. Consequently, translation differences are recognised directly in equity until the net investment is sold, and are recognised in profit or loss on its disposal.

Derivative financial instruments for which no hedge accounting is used nevertheless represent an effective hedge in an economic sense within the context of the Group strategy. In accordance with IAS 39, these instruments are classified for accounting purposes as held for trading. The changes in the market values of these derivative financial instruments recognised in profit or loss are almost offset by changes in the market values of the hedged items.

Assets held for sale and discontinued operations are shown separately in the balance sheet if they can be sold in their present condition and the sale is highly probable. Assets classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell. According to their classification, debts directly connected with these assets are shown separately on the liability side.

For discontinued operations, the profit after tax is shown in a separate line in the profit and loss accounts. In the cash flow statement, the cash flows are broken down into continuing and discontinued operations. Likewise, the discontinued operations are shown separately in the segment reporting. For discontinued operations, the previous year's values in the profit and loss accounts, the cash flow statement and the segment reporting are restated. The Notes include additional details on the assets held for sale and discontinued operations.

Contingent liabilities and assets are current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. Contingent liabilities are recognised in the balance sheet at their fair value if they have been taken on as a result of a business combination. Contingent assets are only recognised in the balance sheet if they are virtually certain. In so far as an outflow or inflow of economic benefits is possible, details of contingent liabilities and assets are provided in the Notes.

Finance leases, for which all risks and rewards incident to ownership of the leased asset are transferred to the lessee, lead to capitalisation of the leased asset at the beginning of the term of the lease. The leased asset is recognised at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability over the term of the lease. The finance charge is recognised in profit or loss. Leased assets are depreciated over the useful life of the asset. If, however, there is insufficient certainty that the transfer of title to the Group will take place at the end of the lease term, the leased asset is depreciated fully over the shorter of the expected useful life and the lease term.

Lease payments for **operating leases** are recognised as an expense in the profit and loss accounts over the lease term on a straight-line basis.

Income is recognised if it is sufficiently probable that the Group will receive future economic benefits that can be reliably determined. It is measured at the fair value of the consideration received; sales tax and other duties are not taken into account. Turnover is recognised as soon as the goods have been delivered and the opportunities and risks have passed to the purchaser. Interest income is recognised pro rata temporis using the effective interest method. Dividend income is realised when the legal entitlement to payment arises.

Foreign currency translation

The annual accounts of the Group's foreign subsidiaries are translated into euro according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the concept of functional currency. In general, for operating companies, the functional currency is that of the country in which the subsidiary is based, since all foreign subsidiaries are financially, economically and organisationally independent in the conduct of their business. Assets and liabilities are converted using the closing rates at the balance sheet date, with equity, in contrast, using the historical exchange rates. The translation differences resulting from this are recognised directly in other components of equity until the subsidiary is disposed of. The share of equity of the foreign associates is translated using the same method. Income and expenses are translated using average annual exchange rates.

Foreign currency transactions in the companies' individual accounts are accounted for using historical exchange rates. Exchange gains or losses from the measurement of monetary items in foreign currency at the balance sheet date are recognised in profit or loss. Exceptions to the described translation method are exchange differences arising from foreign currency borrowings, to the extent that they are part of a net investment in a foreign operation. They are part of a net investment in a foreign operation if settlement is neither planned nor likely to occur in the foreseeable future. Translation differences are recognised directly in equity until the net investment is sold and are not recognised in profit or loss until its disposal.

The following key exchange rates were used in the translation of the companies' individual accounts into euro.

Exchange rates		Exchange rates at reporting date		Average annual exchange rates	
EUR		31 Dec. 2009	**31 Dec. 2010**	2009	**2010**
USD	US	1.4316	**1.3379**	1.3945	**1.3265**
AUD	Australia	1.5956	**1.3081**	1.7582	**1.4410**
CAD	Canada	1.5058	**1.3348**	1.5902	**1.3661**
CNY	China	9.7720	**8.8173**	9.5252	**8.9774**
GBP	Great Britain	0.8862	**0.8575**	0.8901	**0.8583**
GEL	Georgia	2.3846	**2.3735**	2.3180	**2.3533**
GHC	Ghana	2.0674	**1.9608**	1.9844	**1.9098**
HKD	Hong Kong	11.0995	**10.3918**	10.8089	**10.3046**
IDR	Indonesia	13,457.04	**12,029.06**	14,441.58	**12,041.97**
INR	India	66.4262	**59.8190**	67.3213	**60.5601**
KZT	Kazakhstan	212.5497	**197.2200**	205.8507	**195.4275**
MYR	Malaysia	4.8989	**4.1252**	4.9104	**4.2671**
NOK	Norway	8.2938	**7.7920**	8.7607	**8.0138**
PLN	Poland	4.0955	**3.9630**	4.3377	**3.9971**
RON	Romania	4.2327	**4.2355**	4.2437	**4.2160**
RUB	Russia	43.3932	**40.9229**	44.2312	**40.2870**
SEK	Sweden	10.2505	**8.9834**	10.6529	**9.5500**
CZK	Czech Republic	26.3085	**25.0250**	26.5105	**25.2936**
HUF	Hungary	269.0835	**278.2300**	280.8815	**275.5712**
TZS	Tanzania	1,899.49	**1,966.51**	1,839.68	**1,872.73**
TRY	Turkey	2.1402	**2.0612**	2.1649	**1.9973**

Scope of consolidation

In addition to HeidelbergCement AG, the Group annual accounts include 909 companies that have been fully or proportionately consolidated, of which 58 are German and 851 are foreign.

A complete list of shareholdings of the HeidelbergCement Group as at 31 December is provided on pages 207 ff. This contains a concluding list of all subsidiaries that make use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code (HGB).

The contributions of the proportionately consolidated joint ventures to the financial position and performance of the HeidelbergCement Group are shown in the table below:

Impact of proportionately consolidated joint ventures

EURm	2009	2010
Balance sheet		
Non-current assets	837.8	**934.1**
Current assets	313.9	**335.1**
	1,151.7	**1,269.2**
Non-current liabilities	237.9	**290.3**
Current liabilities	287.1	**270.1**
	525.0	**560.4**
Profit and loss accounts		
Turnover	861.3	**967.9**
Other income	45.3	**85.3**
Expenses	-764.5	**-903.2**
Profit for the financial year	142.1	**150.0**
Cash flow statement		
Cash flow from operating activities	166.3	**149.9**
Cash flow from investing activities	-97.6	**-55.9**
Cash flow from financing activities	1.9	**13.5**

Business combinations in the reporting year

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 measurement of tangible fixed assets and thus deferred taxes may be revised. The provisionally recognised goodwill of EUR 8.4 million, which is not deductible for tax purposes, reflects the synergy potential arising from the business combination. Transaction costs of EUR 34,000 were recognised in the additional ordinary expenses. As part of the business combination, receivables with a fair value of EUR 3.8 million were acquired. The gross value of the receivables is EUR 4.3 million, of which EUR 0.5 million is likely to be irrecoverable.

In order to expand cement production capacity in the Democratic Republic of Congo, HeidelbergCement acquired 55 % of the shares in Cimenterie de Lukala S.A.R.L. (CILU), Kinshasa, and 70 % of the shares in Interlacs S.A.R.L., Lubumbashi, from the Forrest Group on 15 September 2010. The purchase price of EUR 62.2 million was paid in cash. As at the reporting date, the purchase price allocation has not yet been completed. The measurement of intangible assets and thus deferred taxes may be revised. The provisionally recognised goodwill of EUR 34.6 million, which is not tax-deductable, represents, in particular, the future market potential in the Democratic Republic of

Congo. The minority interests were measured at EUR 21.7 million on the basis of their proportionate interest in the fair value of the identifiable net assets. As part of the acquisition, receivables with a fair value of EUR 2.4 million were recognised. Their gross value amounts to EUR 2.5 million. EUR 0.1 million of this total is expected to be irrecoverable. The transaction costs amounted to EUR 0.1 million and were recognised in the additional ordinary expenses. The purchase agreement gives the Forrest Group an option to sell the remaining shares, which can be exercised at a specified time. The purchase price for the shares is calculated on the basis of earnings figures and will be settled with a fixed number of HeidelbergCement shares and by means of a cash payment.

As part of the expansion of the activities in Russia, HeidelbergCement acquired a total of 51% of the shares in CJSC "Construction Materials", Sterlitamak/Russia, in several stages between 5 and 14 October 2010. The goodwill of EUR 14.8 million, which is not tax-deductible, arising on the difference between the purchase price of EUR 54.2 million and the proportionate net assets of EUR 39.4 million represents the strategic potential of the state-of-the-art cement plant acquired, which is located in one of the most important investment regions of Russia. The purchase price is made up of a cash payment of EUR 40.0 million and a purchase price liability with a present value of EUR 14.2 million. The USD purchase price liability amounts to a nominal EUR 15.9 (USD 22.5) million and is fixed in value. The cash outflow is linked to the registration of certain buildings and real estate in the name of CJSC "Construction Materials" and is expected by the beginning of 2013 at the latest. The transaction costs of EUR 0.7 million incurred during the reporting period were recognised in the additional ordinary expenses. Transaction costs of EUR 1.1 million occurring before 1 January 2010 were recognised directly in retained earnings. The purchase price allocation for the acquired assets and assumed liabilities is provisional. Adjustments may be made to the fair values of the intangible assets, tangible fixed assets and financial fixed assets as well as of the deferred taxes applicable to these assets and liabilities. The minority interests of EUR 37.8 million were measured on the basis of their proportionate interest in the fair value of the identifiable net assets. The acquired receivables primarily include short-term trade receivables with a fair value of EUR 1.1 million, calculated by deducting the receivables of EUR 0.2 million expected to be irrecoverable from the gross value of EUR 1.3 million.

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

Preliminary fair values recognised as at the acquisition date

EURm	Australia	DR Congo	Russia	**Total**
Intangible assets		37.5		**37.5**
Tangible fixed assets	15.5	43.0	115.7	**174.2**
Financial fixed assets			7.3	**7.3**
Stocks	0.6	19.4	4.9	**24.9**
Trade receivables	3.8	2.4	1.1	**7.3**
Cash and cash equivalents	0.7	2.3	1.1	**4.1**
Other assets	2.2	3.0	1.1	**6.3**
Total assets	22.8	107.6	131.2	**261.6**
Provisions	0.2	4.3	4.2	**8.7**
Liabilities	8.2	29.4	49.2	**86.8**
Deferred taxes		24.6	0.6	**25.2**
Total liabilities	8.4	58.3	54.0	**120.7**
Net assets	14.4	49.3	77.2	**140.9**

The following table shows the companies' turnover and profit or loss since the acquisition date and the amounts which had occurred if the companies had been fully consolidated as at 1 January 2010:

Turnover and profit or loss				
EURm	Australia	DR Congo	Russia	Total
Since acquisition date				
Turnover	17.9	16.7	12.9	**47.5**
Profit or loss	1.5	0.8	0.7	**3.0**
Since 1 January 2010				
Turnover	31.2	52.4	53.0	**136.6**
Profit or loss	0.4	1.9	-2.4	**-0.1**

Changes in the participation structure during the reporting year

In May 2010, HeidelbergCement and IFC, a member of the World Bank Group, and its financial partners 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 financial 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). IFC paid the first tranche of USD 60 million (EUR 45.4 million) on 5 August 2010, thus acquiring around 6% of the shares in the African activities of the Scancem International Group. Initially, this transaction resulted in an increase of EUR 25.0 million in the HeidelbergCement Group's shareholders' equity. The contractual regulations give IFC the right to tender the acquired shares to HeidelbergCement from a specified date. The liability arising from the right to tender was accounted for at the reporting date as a long-term put option liability at the present value of the repayment sum, which amounted to EUR 54.7 million. This reduced the shareholders' equity by EUR 36.2 million.

Business combinations in the previous year

On 1 January 2009, Gralex S.A./Belgium, proportionately consolidated with a shareholding of 50%, was divided between the joint venture partners by way of a partnership division. The assets and liabilities were transferred to the newly founded company Sagrex S.A. HeidelbergCement holds a 100% share in Sagrex S.A. The partnership division was effected as a barter transaction in the form of a successive business acquisition without adjustment payments. The value of the consideration for the acquired 50% was EUR 48.7 million. No goodwill arose on the transaction. For the 2009 financial year, Sagrex S.A. achieved a turnover of EUR 61.7 million and a profit of EUR 5.0 million.

The following table shows the fair values of the assets and liabilities of Sagrex S.A., which were included in the Group annual accounts on the basis of final figures.

Fair values of the assets and liabilities of Sagrex at acquisition date	
EURm	2009
Intangible assets	**2.7**
Tangible fixed assets	**144.8**
Financial fixed assets	**0.3**
Stocks	**5.3**
Receivables and other assets	**23.2**
Cash and cash equivalents	**0.1**
Total assets	**176.4**
Provisions	**5.2**
Liabilities	**37.4**
Deferred taxes	**36.1**
Total liabilities	**78.7**
Net assets	**97.7**

Divestments 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 assets and liabilities are shown in the following table.

Assets and liabilities of Pioneer Road Services at date of disposal	
EURm	2009
Intangible assets	2.1
Tangible fixed assets	25.1
Financial fixed assets	0.7
Deferred taxes	0.7
Stocks	2.8
Receivables and other assets	24.3
Cash and cash equivalents	3.4
Total assets	**59.1**
Provisions	1.9
Liabilities	30.3
Total liabilities	**32.2**
Net assets	**26.9**

In addition, Industry Petrobeton OOO, Saint Petersburg/Russia, was sold in December 2009. The net assets at the time of sale amounted to EUR 0.9 million.

The sale proceeds were shown in the investing activities section as cash inflow from divestments of subsidiaries and other business units in accordance with the revised version of IAS 7.

Changes in the participation structure in the previous year

On 18 June 2009, HeidelbergCement sold 520.5 million shares in the Indonesian cement manufacturer PT Indocement Tunggal Prakarsa. This reduced the HeidelbergCement Group's 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.

Notes to the segment reporting

HeidelbergCement's segment reporting is based on the Group's internal division into geographical regions and business activities. It reflects the management organisation and divides the Group into geographical regions. In addition, a voluntary break down into business activities is made.

The segment reporting was reorganised with effect from the beginning of the 2010 financial year. The prior year Group area Europe was split up into the Group areas Western and Northern Europe and Eastern Europe-Central Asia. Germany was integrated into the Group area Western and Northern Europe. Besides Germany, this reporting segment includes the Benelux countries, Denmark, the United Kingdom, Norway, Sweden and the Baltic States. Bosnia-Herzegovina, Georgia, Croatia, Poland, Romania, Russia, the Czech Republic, Slovakia, the Ukraine and Hungary are part of the new Group area Eastern Europe-Central Asia. Also Kazakhstan, which was reported in the Group area Asia-Australia-Africa in the previous year, is now part of the Group area Eastern Europe-Central Asia.

The previously reported Group area Asia-Australia-Africa has also been split. Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Australia are now combined into the Group area Asia-Pacific. Africa and Turkey have been allocated to the new Group area Africa-Mediterranean Basin. Besides, this Group area comprises our activities in Israel and Spain, which were previously part of the Group area Europe.

As in the previous year, the Group area North America includes the US and Canada. Our trading activities are grouped together in the Group Services business unit.

In summary, HeidelbergCement is now geographically divided into the following six Group areas:

– Western and Northern Europe,
– Eastern Europe-Central Asia,
– North America,
– Asia-Pacific,
– Africa-Mediterranean Basin, and
– Group Services.

Besides, since the start of the 2010 financial year, HeidelbergCement has been divided into four business lines:

– Cement,
– Aggregates,
– Building products, and
– Concrete-service-other.

The main business lines cement and aggregates are now shown separately. The building products business line remains unchanged, while in the concrete-service-other business line, we report primarily on the downstream activities such as ready-mixed concrete and asphalt.

The previous year's values have been adjusted in accordance with the segments' new reporting structure. The same accounting rules are applied as described in the Group's accounting and valuation principles.

Turnover with Group areas or business lines represents the turnover between segments.

The following table shows a breakdown of the turnover with external customers and the non-current assets by country in accordance with IFRS 8.33:

Information by country	Turnover with external customers		Non-current assets	
EURm	2009	**2010**	2009	**2010**
US	2,302	**2,255**	7,271	**7,662**
United Kingdom	1,326	**1,345**	3,697	**3,728**
Australia	839	**967**	1,815	**2,225**
Germany	1,042	**970**	1,134	**1,113**
Belgium	391	**388**	871	**858**
Indonesia	692	**898**	711	**784**
Canada	590	**778**	472	**525**
Other countries	3,935	**4,162**	4,318	**4,943**
Total	11,117	**11,762**	20,289	**21,837**

Turnover is allocated to countries according to the company's country of origin.

Notes to the profit and loss accounts

1 Turnover

Turnover development by Group areas and business lines	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	1,594	**1,618**	734	**770**	523	**433**	1,554	**1,560**	-556	**-571**	3,848	**3,811**
Eastern Europe-Central Asia	1,001	**865**	121	**125**			256	**241**	-96	**-92**	1,282	**1,138**
North America	851	**883**	825	**921**	721	**707**	790	**849**	-297	**-327**	2,892	**3,033**
Asia-Pacific	1,281	**1,547**	355	**446**	28	**34**	782	**881**	-235	**-299**	2,211	**2,609**
Africa-Mediterranean Basin	555	**647**	88	**85**			258	**274**	-65	**-68**	837	**938**
Total	5,282	**5,560**	2,123	**2,347**	1,273	**1,174**	3,640	**3,805**	-1,248	**-1,357**	11,070	**11,528**
Group Services											475	**709**
Inter-Group area turnover											-429	**-476**
Continuing operations											11,117	**11,762**

2 Other operating income

Other operating income		
EURm	2009	**2010**
Income from sale of non-core products	56.5	**66.3**
Rental income	30.5	**31.6**
Income from reduction of bad debt provision	8.0	**5.6**
Gains from sale of fixed assets	150.7	**194.9**
Write back of provisions	16.1	**12.1**
Other income	149.7	**143.3**
	411.5	**453.8**

The gains from sale of fixed assets include income from the sale of excess emission rights amounting to EUR 147.1 million (previous year: 98.5). Losses of EUR 7.9 million, incurred in connection with the fair value measurement at the balance sheet date, were reported in the amortisation of intangible assets. Significant non-recurring transactions, occurring in the course of ordinary business activities, are shown in the additional ordinary income.

3 Material costs

Material costs		
EURm	2009	**2010**
Raw materials	1,776.5	**1,908.6**
Supplies, repair materials and packaging	705.5	**761.5**
Costs of energy	1,122.0	**1,244.1**
Goods purchased for resale	477.8	**658.8**
Miscellaneous	137.7	**158.3**
	4,219.5	**4,731.3**

Material costs amounted to 40.2 % of turnover (previous year: 38.0 %).

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4 Employees and personnel costs

Personnel costs

EURm	2009	2010
Wages, salaries, social security costs	1,891.9	**1,991.3**
Costs of retirement benefits	94.5	**71.4**
Other personnel costs	55.1	**23.5**
	2,041.5	**2,086.2**

Personnel costs equalled 17.7 % of turnover (previous year: 18.4 %). The development of expenses for retirement benefits is explained in Note 45 Provisions for pensions.

Annual average number of employees

Categories of employees	2009	2010
Blue-collar employees	40,519	**39,156**
White-collar employees	15,794	**15,219**
Apprentices	410	**280**
	56,723	**54,655**

The decline in the average number of employees is primarily attributable to capacity adjustments. The average number of employees in the proportionately consolidated companies amounted to 3,294 (previous year: 3,301).

5 Other operating expenses

Other operating expenses

EURm	2009	2010
Selling and administrative expenses	849.2	**886.8**
Freight	1,062.6	**1,182.2**
Expenses for third party repairs and services	721.6	**832.5**
Rental and leasing expenses	167.5	**155.1**
Other expenses	97.7	**74.2**
Other taxes	32.9	**38.0**
	2,931.5	**3,168.8**

Expenses of EUR 67.6 million (previous year: 63.6) for research and development are not capitalised according to the conditions stated in IAS 38 (Intangible Assets).

Significant non-recurring transactions occurring in the course of ordinary business activities are shown in the additional ordinary expenses.

6 Amortisation and depreciation of intangible assets and tangible fixed assets

Scheduled amortisation and depreciation of intangible assets and tangible fixed assets is determined on the basis of the following Group-wide useful lives:

Useful lives	
	Years
Standard software	**3**
SAP applications	**3 to 5**
Buildings	**20 to 40**
Technical equipment and machinery	**10 to 20**
Plant and office equipment	**5 to 10**
IT hardware	**4 to 5**

Impairment losses are shown in the additional ordinary expenses.

7 Additional ordinary result

The additional ordinary result includes transactions which, although occurring in the course of ordinary business activities, are not shown in operating income because they are non-recurring.

Additional ordinary result		
EURm	2009	2010
Additional ordinary income		
Income from the disposal of subsidiaries and other business units	121.0	**1.2**
Income from the disposal of other non-current assets	18.3	**0.3**
Reversal of impairment losses	3.9	**4.4**
Other non-recurring income	0.9	**26.1**
	144.1	**32.0**
Additional ordinary expenses		
Expenses from the disposal of subsidiaries and other business units	-11.6	**-1.8**
Expenses from the disposal of other non-current assets	-6.2	
Impairment of goodwill	-420.5	**-23.6**
Impairment of other intangible and tangible fixed assets	-74.1	**-29.8**
Restructuring expenses	-58.4	**-47.1**
Other non-recurring expenses	-68.3	**-31.9**
	-639.1	**-134.2**
	-495.0	**-102.2**

The decline in additional ordinary income from EUR 144.1 million to EUR 32.0 million is primarily due to the decline in income from the disposal of subsidiaries and other business units. In the previous year, this item included the book profits from the disposal of 14.1 % of the shares in Indocement/Indonesia (EUR 73.8 million), from the partnership division of Gralex/Belgium (EUR 21.2 million), and the disposal of the shares in Pioneer Road Services/Australia (EUR 3.1 million).

Reversals of impairment losses to the fair value less cost to sell, amounting to EUR 2.6 million, were recognised for tangible fixed assets impaired in previous years.

The other non-recurring expenses include numerous individual items. The main item for the financial year relates to the release of deferred purchase price liabilities from the acquisition of subsidiaries amounting to EUR 18.0 million.

The decline in additional ordinary expenses from EUR 693.1 million to EUR 134,2 million is due to the impairment of goodwill in particular. Following the goodwill impairment test, impairment losses amounting to EUR 23.6 million (previous year: 420.5) were recognised in the reporting year. The impairment losses primarily relate to the goodwill in Spain. In the previous year, goodwill impairment was recognised in North America (EUR 332.1 million), Spain (EUR 59.9 million), Israel (EUR 14.0 million), and the United Kingdom (EUR 11.9 million). Detailed explanations of the impairment test can be found on pages 159 ff.

Impairment losses amounting to EUR 27.2 million (previous year: 54.3) were recognised on tangible fixed assets, of which EUR 20.7 million was impaired to the value in use and EUR 6.5 million was impaired to the fair value less cost to sell. Significant items were impairments of real estate and buildings as well as of technical equipment in Germany.

The other non-recurring expenses include numerous individual items, such as costs of EUR 1.1 million incurred in connection with business combinations as well as EUR 1.1 million from the revaluation of shares from business combinations achieved in stages.

8 Result from participations

Result from participations		
EURm	2009	2010
Results from associated companies	34.1	**35.3**
Income from financial investments	7.4	**2.4**
Impairment of other participations	-5.0	**-32.4**
Reversal of impairment of loans	1.6	**0.5**
	38.1	**5.8**

The results from associated companies are measured using the gross amounts, i.e. they are shown before taxes on income. The Group's share of their tax expense is reported under Taxes on income. The net profit amounted to EUR 28.7 million (previous year: 28.0). The income from financial investments essentially includes profit distributions from corporations and partnerships. The increase in impairment of other participations in comparison with the previous year results essentially from the impairment of the Polish associate Podgrodzie Sp.z.o.o. and the financial investment US Concrete Inc., Delaware, of which a share of EUR 8.8 million was released from shareholders' equity to profit or loss.

9 Other financial result

Other financial result		
EURm	2009	2010
Interest balance from defined benefit pension plans	-42.7	**-42.2**
Interest portion from the valuation of other provisions	-15.0	**-23.6**
Valuation result of financial derivatives		**7.5**
Miscellaneous other financial result	-171.9	**-80.0**
	-229.6	**-138.3**

The miscellaneous other financial result contains finance charges of EUR 75.0 million (previous year: 131.1) in connection with the syndicated credit facility, expenses from the valuation of financial investments "held for trading" at fair value of EUR 0.0 million (previous year: 7.7), and other financial expenses.

10 Taxes on income

Taxes on income from continuing operations		
EURm	2009	2010
Current taxes	-6.2	**-288.3**
Deferred taxes	196.3	**228.6**
	190.1	**-59.7**

The increase of EUR 282.1 million in current taxes is essentially attributable to the improvement in results in Indonesia, Sweden, and Ghana. The increase was also due to one-off effects in the previous year, resulting from the release of tax accruals and from losses carried back. Adjusted for tax back-payments and tax refunds for previous years, which amounted to EUR 1.9 million (previous year: 165.8), the current taxes increased by EUR 118.2 million. The proportionate tax expense of associated companies accounted for "at equity" and amounting to EUR 6.6 million (previous year: 6.1) is included in the current taxes.

Deferred tax assets created in previous years for losses carried forward fell by EUR 13.4 million (previous year: 43.3) during the reporting year. The reduction in the tax expense for deferred taxes as a result of tax losses not recognised in previous years amounted to EUR 53.2 million (previous year: 43.3) in the financial year. Upon first recognition of deferred tax assets of EUR 77.7 million in the US, which were not covered by deferred tax liabilities, the assessment regarding the recoverability of the losses carried forward until 2015 was considered in accordance with the forecast income and on the basis of the tax planning strategy.

Tax losses carried forward and tax credits for which no deferred tax is recognised amount to EUR 2,194.3 million (previous year: 2,286.9). The losses carried forward both in Germany and abroad have essentially vested. Unrecognised deferred tax assets amounted to EUR 597.4 million (previous year: 666.3) in the reporting year.

In 2010, EUR -26.8 million (previous year: 64.9) of deferred taxes, resulting primarily from the measurement of provisions for pensions in accordance with IAS 19 and from the measurement of financial instruments in accordance with IAS 39, were charged directly to equity. The deferred tax liability increased by EUR 26.1 million (previous year: 13.5) as a result of changes in the scope of consolidation; the increase was recognised directly in equity.

The long-term tax liabilities of EUR 90.7 million (previous year: 79.8) include contingent liabilities recognised in connection with the acquisition of the Hanson Group in accordance with IFRS 3.37.

In accordance with IAS 12, deferred taxes must be recognised on the difference between the share of shareholder's equity of a subsidiary recognised in the Group balance sheet and the carrying amount for this subsidiary in the parent company's tax accounts, if realisation is expected (Outside Basis Differences). On the basis of the regulations for the application of IAS 12.39, deferred taxes of EUR 11.1 million (previous year: 5.4) were recognised on planned future dividends. No deferred tax liabilities were recognised for outside basis differences from retained earnings of the subsidiaries of HeidelbergCement AG amounting to EUR 3.9 billion (previous year: 3.6), as no further dividend payments are planned.

To measure deferred taxes, an average income tax rate of 29.32 % is applied for the domestic companies.

Tax reconciliation of continuing operations

EURm	2009	2010
Profit before tax	-14.5	**599.1**
Impairment of goodwill	-420.5	**-23.6**
Profit before tax and impairment of goodwill	406.0	**622.7**
Theoretical tax expense at 16,3 % (2009: 13,7 %) [1]	-55.6	**-101.7**
Changes to the theoretical tax expense due to:		
Tax-free earnings (+) and non deductible expenses (-)	94.7	**4.0**
Effects from loss carryforwards	1.2	**36.9**
Not recognised deferred tax assets	-18.1	**-14.2**
Tax increase (-), reduction (+) for prior years	165.8	**1.9**
Changes in tax rate	2.1	**13.4**
Taxes on income	190.1	**-59.7**

1) Weighted average tax rate

Deferred tax by type of temporary difference

EURm	2009	2010
Deferred tax assets		
Fixed assets	62.0	**72.2**
Other assets	88.9	**54.2**
Provisions and liabilities	626.9	**658.4**
Carry forward of unused tax losses and tax credits	311.2	**535.5**
Gross amount	1,089.0	**1,320.3**
Netting	-820.2	**-964.5**
	268.8	**355.8**
Deferred tax liabilities		
Fixed assets	1,508.5	**1,576.7**
Other assets	68.6	**15.0**
Provisions and liabilities	135.5	**196.6**
Gross amount	1,712.6	**1,788.3**
Netting	-820.2	**-964.5**
	892.4	**823.8**

11 Discontinued operations

The following table shows the composition of the results from discontinued operations.

Net loss from discontinued operations

EURm	2009	2010
Expenses	-13.6	**-44.1**
Income taxes	5.6	**15.6**
Net loss from discontinued operations	-8.0	**-28.4**

The loss from discontinued operations includes the expenses incurred in connection with operations of the Hanson Group and maxit Group discontinued in previous years.

12 Proposed dividend

The Managing Board and Supervisory Board propose the following dividend: EUR 0.25 dividend per share. Based on 187,500,000 no-par value shares, entitled to participate in dividends for the 2010 financial year, the amount for dividend payment is EUR 46,875,000 (previous year: 22,500,000).

13 Earnings per share

Earnings per share

EURm	2009	2010
Profit for the financial year	167.7	**510.9**
Minority interests	125.1	**168.2**
Group share of profit	42.6	**342.7**
Number of shares in '000s (weighted average)	142,170	**187,500**
Earnings per share in EUR	0.30	**1.83**
Net income from continuing operations – attributable to the parent entity	50.6	**371.1**
Earnings per share in EUR – continuing operations	0.36	**1.98**
Net loss from discontinued operations – attributable to the parent entity	-8.0	**-28.4**
Loss per share in EUR – discontinued operations	-0.06	**-0.15**

The basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share), by dividing the Group share in profit for the financial year by the weighted average of the number of issued shares. The diluted earnings per share indicator takes into account not only currently issued shares but also shares potentially available through option rights. The earnings per share were not diluted in the reporting period in accordance with IAS 33.30.

Notes to the cash flow statement

The cash flow statement shows how the Group's cash and cash equivalents changed through inflows and outflows during the reporting year. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating, investing, and financing activities. The changes in the relevant balance sheet items cannot be directly derived from the Group balance sheet, as non-cash transactions – such as effects arising from foreign currency translation and changes in the consolidation scope – are adjusted.

The cash flow is calculated as net income from continuing operations adjusted for taxes on income, net interest, depreciation, amortisation, impairment losses, and other non-cash items. Cash flows from dividends received from non-consolidated companies, from interest received and paid and from taxes paid are also recognised. Changes in working capital and decrease in provisions through cash payments are taken into account when determining the cash flow from operating activities.

Cash flows from the acquisition or sale of intangible assets as well as tangible and financial fixed assets are recognised in the cash flow from investing activities. If these relate to the acquisition or sale of subsidiaries or other business units (gain or loss of control), the effects on the cash flow statement are shown in separate items.

The cash flow from financing activities mainly results from changes in capital, dividend payments as well as proceeds from and repayments of bonds and loans. In addition, cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control are classified as financing activities. In the figures shown for the previous year, as a result of the change in the presentation method, the cash flow from financing activities was EUR 214.7 million higher and the cash flow from investing activities was reduced by the same amount.

The cash flows from foreign Group companies shown in the statement are generally converted into euro using the average annual exchange rates. By contrast, cash is converted using the exchange rate at year end, as in the Group balance sheet. The effects of exchange rate changes on cash are shown separately.

The significant individual items in the cash flow statement are explained below:

14 Interest received

The increase in interest received is due to one-off effects from the settlement of interest rate swaps in particular.

15 Interest paid

The decline in interest paid in comparison with the previous year is essentially attributable to reduced refinancing costs.

16 Elimination of other non-cash items

The other non-cash items mainly include additions to and releases of provisions. Furthermore, the profits were adjusted for the book profits and losses from fixed asset disposals. The total amount earned from these disposals is shown under divestments in investing activities.

17 Changes in operating assets

Operating assets consist of stock, trade receivables, and other assets used in operating activities.

18 Changes in operating liabilities

Operating liabilities include trade payables and other liabilities from operating activities.

19 Decrease in provisions through cash payments

This item includes the cash outflow of provisions for pensions and other provisions.

20 Investments (cash outflow)

The payments for investments differ from additions in the fixed-asset movement schedule, which shows, for example, non-cash items as additions, e.g. additions in connection with barter transactions or contributions in kind.

The significant payments for the acquisition of subsidiaries are listed below:

- A further 50% of the shares in Pioneer North Queensland Pty Ltd/Australia for EUR 11.4 million;
- 55% of the shares in Cimenterie de Lukala S.A.R.L. and 70% of the shares in Interlacs S.A.R.L./Democratic Republic of Congo for EUR 62.2 million;
- 51% of the shares in CJSC "Construction Materials"/Russia for EUR 40.0 million.

The investments in subsidiaries less acquired cash and cash equivalents amounted to EUR 109.9 million.

In the reporting year, investments of EUR 466.7 million (previous year: 505.3) were made in order to maintain capacities. Payments for measures to expand capacities amounted to EUR 404.9 million (previous year: 314.9).

21 Divestments (cash inflow)

The proceeds from the disposal of other fixed assets primarily include net proceeds from the sale of excess emission rights amounting to EUR 106.0 million. Proceeds from the sale of financial fixed assets amounting to EUR 14.9 million are also included.

22 Cash from changes in consolidation scope

This line shows the cash and cash equivalents acquired or disposed of in connection with a gain or loss of control over subsidiaries and other business units.

23 Capital increase after retention

In the previous year, this item included the gross proceeds from the capital increase less the withheld transaction costs.

24 Dividend payments to minority shareholders

The item dividend payments to minority shareholders shows dividends paid during the financial year for minority interests.

25 Decrease in ownership interests in subsidiaries

This line shows the net cash of EUR 45.4 million (USD 60.0 million) from the sale of around 6% of the African activities of the Scancem International Group to IFC and its financial partners. In the previous year, this item primarily included the payment of EUR 216.0 million received from the sale of 14.1% of the shares in PT Indocement Tunggal Prakarsa/Indonesia.

26 Increase in ownership interests in subsidiaries

This item shows cash flows from the increase of ownership interests in subsidiaries. The largest transaction was the acquisition of 26.6% of the shares in Carrieres d'Antoing S.A., Antoing/Belgium for EUR 3.5 million.

27 Proceeds from bond issuance and loans

This item essentially includes the proceeds from the syndicated credit facility of EUR 3 billion. In addition, three new bonds were issued, with the issue proceeds being used entirely for refinancing existing bank debts. The three bonds with a total volume of EUR 2.05 billion were issued in January and July and had terms of five years (EUR 650 million), ten years (EUR 750 million), and five and a half years (EUR 650 million).

In the previous year, this item essentially included the proceeds from the syndicated credit facility of EUR 8.7 billion in June 2009 and the three Eurobonds issued in October 2009 with a total issue volume of EUR 2.5 billion with terms of five, seven, and ten years.

28 Repayment of bonds and loans

This item includes the scheduled repayments of financial liabilities and the balance from the proceeds and payments for items with a high turnover rate, large amounts, and short terms from financing activities.

This includes the full repayment of the outstanding amount of the syndicated credit facility of EUR 8.7 billion, the repayment of the USD 750 million bond and the partial repayment of the syndicated credit facility of EUR 3 billion. Scheduled repayments of commercial papers also took place.

In the previous year, the item included the repayment of the EUR 300 million bond and the repayment of the syndicated acquisition financing (Hanson) as well as various bilateral lines. In addition, scheduled repayments were made for debt certificates and commercial papers.

29 Cash and cash equivalents

Cash and cash equivalents with a remaining term of less than three months are included. EUR 22.3 million (previous year: 110.0) of the cash is not available for use by HeidelbergCement. The restrictions relate primarily to amounts pledged as collateral for local guarantee facilities and earmarked funds that can be used only for recultivation payments.

Notes to the balance sheet – Assets

30 Intangible assets

Intangible assets

EURm	Goodwill	Other intangible fixed assets	**Total**
Cost			
1 January 2009	10,530.1	444.2	**10,974.3**
Currency translation	298.5	-2.5	**296.0**
Change in consolidation scope	137.4	4.1	**141.5**
Additions	0.6	43.2	**43.8**
Disposals	-76.4	-6.6	**-83.0**
Reclassifications	-0.2	15.6	**15.4**
31 December 2009	10,890.0	498.0	**11,388.0**
Amortisation and impairment			
1 January 2009	649.2	174.1	**823.3**
Currency translation	16.6	-0.7	**15.9**
Change in consolidation scope	0.7	2.0	**2.7**
Additions		42.0	**42.0**
Impairment	420.5	19.8	**440.3**
Disposals	-1.2	-4.8	**-6.0**
Reclassifications		1.0	**1.0**
31 December 2009	1,085.8	233.4	**1,319.2**
Carrying amount at 31 December 2009	**9,804.2**	**264.6**	**10,068.8**
Cost			
1 January 2010	10,890.0	498.0	**11,388.0**
Currency translation	783.9	18.7	**802.6**
Change in consolidation scope	-1.4	51.1	**49.7**
Additions	61.4	59.8	**121.2**
Disposals	-7.9	-17.7	**-25.6**
Reclassifications		26.7	**26.7**
31 December 2010	11,726.0	636.6	**12,362.6**
Amortisation and impairment			
1 January 2010	1,085.8	233.4	**1,319.2**
Currency translation	63.0	10.1	**73.1**
Change in consolidation scope	-1.2	-1.4	**-2.6**
Additions		40.4	**40.4**
Impairment	23.6	2.6	**26.2**
Reversal of impairment		-1.8	**-1.8**
Disposals	-6.5	-5.9	**-12.4**
Reclassifications		7.3	**7.3**
31 December 2010	1,164.7	284.7	**1,449.4**
Carrying amount at 31 December 2010	**10,561.3**	**351.9**	**10,913.2**

Larger individual items of goodwill are connected with the acquisition of the Hanson Group, London/United Kingdom, S.A. Cimenteries CBR, Brussels/Belgium, Lehigh Hanson, Inc., Wilmington/US, HeidelbergCement Northern Europe AB, Stockholm/Sweden, Akçansa Cimento Sanayi ve Ticaret A.S., Istanbul/Turkey, and ENCI N.V., 's-Hertogenbosch/Netherlands.

Goodwill impairment tests are carried out annually in accordance with IAS 36 (Impairment of Assets). Impairment losses of EUR 23.6 million were recognised in the reporting year. This impairment is taken into account in the additional ordinary expenses and explained in more detail in Note 7.

In the previous year, the valuation of put options held by minorities led to a decrease of EUR 13.1 million in goodwill. As a result of the amendment to IAS 27, these effects are now recognised directly in revenue reserves and shown in the statement of changes in equity as changes in puttable minorities.

Quarrying rights, concessions, and software are shown under other intangible assets. Emission rights certificates acquired through emissions trading have been accounted for at cost, with a total of EUR 78.3 million (previous year: 38.9). Impairment losses of EUR 2.6 million (previous year: 17.5) for quarrying rights were recorded. Self-developed intangible assets of EUR 0.1 million (previous year: 2.3) were capitalised. Development costs of EUR 0.9 million (previous year: 0.0) were recognised as intangible assets in the financial year.

Intangible assets with finite useful lives amounted to EUR 337.1 million (previous year: 250.5) and those with indefinite useful lives (trademark rights) to EUR 14.8 million (previous year: 14,1). The goodwill comprises acquired market shares that cannot be assigned to any other determinable and separable intangible assets.

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31 Tangible fixed assets

Tangible fixed assets

EURm	Land and buildings	Plant and machinery	Fixtures, tools and equipment	Payments on account and assets under construction	Total
Cost					
1 January 2009	6,402.2	8,898.6	742.7	775.9	**16,819.4**
Currency translation	188.4	253.0	15.0	0.8	**457.2**
Change in consolidation scope	68.4	-32.9	-0.3	7.0	**42.2**
Additions	75.0	160.2	28.5	541.7	**805.4**
Disposals	-69.4	-173.3	-63.7	-4.2	**-310.6**
Reclassifications	165.4	490.1	-17.0	-653.9	**-15.4**
31 December 2009	6,830.0	9,595.7	705.2	667.3	**17,798.2**
Depreciation and impairment					
1 January 2009	1,780.0	4,598.6	505.3		**6,883.9**
Currency translation	35.0	133.7	9.4		**178.1**
Change in consolidation scope	-20.3	-22.1	-2.0		**-44.4**
Additions	152.1	534.2	56.5		**742.8**
Impairment	29.9	24.3	0.1		**54.3**
Reversal of impairment		-3.9			**-3.9**
Disposals	-37.1	-138.2	-56.3		**-231.6**
Reclassifications	-13.7	56.7	-44.0		**-1.0**
31 December 2009	1,925.9	5,183.3	469.0		**7,578.2**
Carrying amount at 31 December 2009	**4,904.1**	**4,412.4**	**236.2**	**667.3**	**10,220.0**
Cost					
1 January 2010	6,830.0	9,595.7	705.2	667.3	**17,798.2**
Currency translation	405.4	589.9	29.0	46.5	**1,070.8**
Change in consolidation scope	67.3	88.0	29.6	6.1	**191.0**
Additions	34.4	73.5	17.3	597.5	**722.7**
Disposals	-72.9	-90.2	-34.7	-8.3	**-206.1**
Reclassifications	116.1	273.9	27.0	-443.7	**-26.7**
Reclassifications to current assets		-14.4			**-14.4**
31 December 2010	7,380.3	10,516.4	773.4	865.4	**19,535.5**
Depreciation and impairment					
1 January 2010	1,925.9	5,183.3	469.0		**7,578.2**
Currency translation	76.8	294.7	17.2		**388.7**
Change in consolidation scope	1.2	-16.3	25.3		**10.2**
Additions	161.2	554.6	53.0		**768.8**
Impairment	18.6	7.7	0.9		**27.2**
Reversal of impairment	-0.7	-1.9			**-2.6**
Disposals	-30.4	-76.9	-31.7		**-139.0**
Reclassifications	-5.7	-1.2	-0.4		**-7.3**
Reclassifications to current assets		-12.5			**-12.5**
31 December 2010	2,146.9	5,931.5	533.3		**8,611.7**
Carrying amount at 31 December 2010	**5,233.4**	**4,584.9**	**240.1**	**865.4**	**10,923.9**

Tangible fixed assets include EUR 22.9 million (previous year: 31.8) of capitalised lease assets, of which EUR 16.9 million relates to technical equipment and machinery, EUR 1.7 million to plant and office equipment, and EUR 4.4 million to buildings. Borrowing costs of EUR 12.9 million (previous year: 10.0) were recognised, relating in particular to investments by Eastern European companies. The average capitalisation rate applied was 9 % (previous year: 12 %). Liens amounting to EUR 1.0 million (previous year: 6.9) were granted as security. In the reporting year, impairment losses of EUR 27.2 million and reversals of EUR 2.6 million were recognised; these are shown in the additional ordinary result and explained in Note 7.

32 Investments in associates

The following table contains the summarised financial information concerning the investments in associates of the HeidelbergCement Group.

Investment in associates		
EURm	2009	2010
Investments in associates - balance sheet		
Assets	677.9	**734.3**
Liabilities	-301.1	**-329.6**
	376.8	**404.7**
Impairment	-32.1	**-45.5**
Net assets	344.7	**359.2**
Investments in associates - profit and loss accounts		
Turnover	791.9	**758.4**
Profit	27.9	**27.9**
Unrecognised share of losses for the period	-2.0	**-1.3**
Unrecognised share of losses cumulated	-4.7	**-8.3**
Carrying amount of associates	349.4	**367.5**

33 Financial investments

This item includes investments in equity securities acquired on the basis of long-term investment planning. As at the reporting date, the fair value of investments categorised as "Available for sale at fair value" amounts to EUR 23.4 million (previous year: 19.2). In the period, changes in the fair value of EUR 6.5 million (previous year: 4.2) were recognised directly in equity and EUR -8.8 million (previous year: -2.8) were released from equity to profit or loss in connection with impairments. A reduction in the fair value of the investments categorised as "Available for sale at fair value", amounting to EUR -2.3 million (previous year: -2.9), is attributable to impairments. The carrying amount of the investments classified as "Available for sale at cost" amounts to EUR 40.4 million (previous year: 60.1).

34 Long-term receivables and derivative financial instruments

The following table shows the composition of the long-term receivables and derivative financial instruments.

Long-term receivables and derivative financial instruments		
EURm	2009	2010
Loans to participations	19.0	**19.1**
Other loans	45.8	**65.9**
Derivative financial instruments		**4.1**
Other long-term operating receivables	157.5	**158.2**
Other long-term non-financial receivables	25.8	**147.1**
	248.1	**394.4**

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The long-term derivative financial instruments relate to commodities that do not fulfil the criteria for "own use contracts". The commodities are accounted for as hedging instruments in connection with cash flow hedges. The changes in fair values recognised directly in equity amount to EUR 4.1 million (previous year: 0.0); EUR 5.4 million (previous year: 0.0) was released to profit or loss. Additional information on the derivative financial instruments is provided on pages 199 ff.

Other long-term operating receivables particularly include claims for reimbursement against insurance companies for environmental and third-party liability damages. The other long-term non-financial receivables primarily include overfunding of pension schemes as well as prepaid expenses. The increase in comparison with the previous year mainly relates to the rise in the overfunding of pension schemes.

The following table shows the due term structure of the long-term financial receivables.

Due terms of long-term financial receivables	Loans to participations		Other loans		Other long-term operating receivables		Total	
EURm	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
not impaired, not overdue	18.6	**18.9**	45.0	**64.7**	154.5	**154.6**	218.1	**238.2**
not impaired, overdue 1 - 60 days			0.2		0.1	**2.9**	0.3	**2.9**
not impaired, overdue 61 - 360 days			0.3	**0.2**	0.7		1.0	**0.2**
not impaired, overdue > 360 days	0.4	**0.2**	0.3	**0.3**	0.1	**0.4**	0.8	**0.9**
impaired				**0.7**	2.1	**0.3**	2.1	**1.0**
	19.0	**19.1**	45.8	**65.9**	157.5	**158.2**	222.3	**243.2**

As at the reporting date, there are no indications that the debtors of the receivables shown as 'not impaired' will not meet their payment obligations.

35 Stock

In the reporting year, impairment losses on stock of EUR 19.4 million (previous year: 23.4) and reversals of EUR 11.4 million (previous year: 8.7) were recognised.

36 Receivables and other assets

The following overview shows the composition of the receivables and other assets.

Receivables and other assets		
EURm	2009	**2010**
Other short-term financial receivables	99.7	**76.5**
Trade receivables	1,298.8	**1,429.8**
Other short-term operating receivables	266.6	**255.6**
Non-financial other assets	95.3	**119.0**
Current income tax assets	238.4	**61.0**
	1,998.7	**1,941.9**

The other short-term operating receivables include, in particular, claims for damages as well as claims for reimbursement against insurance companies for environmental and third-party liability damages. Non-financial other assets, which do not fall within the scope of IAS 39, essentially include prepaid expenses.

The following table shows the due term structure of the short-term financial receivables.

Due terms of short-term financial receivables	Other short-term financial receivables		Trade receivables		Other short-term operating receivables		Total	
EURm	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
not impaired, not overdue	95.9	**72.5**	809.1	**894.5**	219.4	**232.8**	1,124.4	**1,199.8**
not impaired, overdue 1 - 60 days	0.8	**0.4**	338.2	**411.3**	21.8	**13.6**	360.8	**425.3**
not impaired, overdue 61 - 360 days	0.6	**0.4**	106.4	**101.9**	19.5	**4.3**	126.5	**106.6**
not impaired, overdue > 360 days	1.6	**0.5**	14.5	**21.2**	5.2	**2.8**	21.3	**24.5**
impaired	0.8	**2.7**	30.6	**0.9**	0.7	**2.1**	32.1	**5.7**
	99.7	**76.5**	1,298.8	**1,429.8**	266.6	**255.6**	1,665.1	**1,761.9**

As at the reporting date, there are no indications that the debtors of the receivables shown as "not impaired overdue" and "not overdue" will not meet their payment obligations.

The valuation allowances on trade receivables have developed as follows:

Valuation allowances on trade receivables		
EURm	2009	**2010**
Valuation allowances at 1 January	72.6	**72.2**
Additions	46.2	**16.9**
Use and reversal	-45.0	**-36.7**
Currency translation and other adjustments	-1.6	**-7.2**
Valuation allowances at 31 December	72.2	**45.2**

The valuation allowances are essentially based on historical default probabilities and due terms. They are primarily valuation allowances for collective impairments.

37 Financial investments and derivative financial instruments

The short-term investments in the category "Available for sale at fair value" are measured at fair value and recognised directly in equity with an amount of EUR 0.0 million (previous year: 0.2). EUR 0.0 million (previous year: 0.1) was recognised directly in equity and EUR 0.1 million (previous year: -0.1) released to profit or loss.

The short-term derivatives with positive market values include currency swaps of EUR 18.0 million (previous year: 23.4), currency forwards of EUR 0.3 million (previous year: 0.9), interest rate swaps of EUR 17.4 million (previous year: 23.3), and commodities of EUR 0.3 million (previous year: 0.3). Of the effective portion of the change in the fair values of derivative financial instruments, accounted for as hedging instruments of fair value hedges, EUR -8.4 million (previous year: -7.0) was recognised in profit or loss in the hedging result and accrued interest of EUR 2.7 million (previous year: 30.1) was recognised in profit or loss in the interest income/expenses. The changes in the fair values of the derivatives accounted for as "held for trading" amount to EUR -6.0 million (previous year: -42.9) and were recognised in profit or loss. Additional information on the derivative financial instruments is provided on pages 199 ff.

38 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits at banks with a first-class credit rating. Restrictions on cash are explained in Note 29.

39 Assets and liabilities held for sale

The assets and liabilities of a proportionately consolidated company in the Mibau Group were classified as held for sale. The Mibau Group is allocated to the Western and Northern Europe Group area. The following table shows the main groups of assets and liabilities.

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Assets and liabilities held for sale

EURm	2010
Disposal groups held for sale	
Non-current assets	1.9
Cash and cash equivalents	0.8
Other current assets	0.1
	2.8
Liabilities associated with disposal groups	
Non-current liabilities	3.8

Notes to the balance sheet – Equity and liabilities

40 Subscribed share capital

As at the balance sheet date 31 December 2010, the subscribed share capital amounts to EUR 562,500,000 – unchanged from the previous year – and is divided into 187,500,000 shares; the shares are no-par value bearer shares. The nominal value of each share is EUR 3.00, which corresponds to a proportionate amount of the subscribed share capital.

Authorised and conditional share capital

As at 31 December 2010, there were two authorised capitals; namely authorisation of the Managing Board and the Supervisory Board to increase capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and the Supervisory Board to increase capital by issuing new shares in return for contributions in kind (Authorised Capital II). The authorised capitals are described as follows:

The Annual General Meeting held on 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the company's subscribed share capital by a total amount of up to EUR 225,000,000 by issuing up to 75,000,000 new no-par value bearer shares in total in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised:

- to exclude the subscription rights of shareholders in order to realise residual amounts, and
- to fully or partially exclude the subscription right for a partial amount of up to 10% of the share capital available at the time of the authorisation in order to issue new shares at an issue price that is not considerably lower than the stock exchange price of the old shares; the limit for the amount should take into account those shares otherwise issued or sold during the term of this authorisation in application of § 186 section 3 sentence 4 of the German Stock Company Act. New shares will also be credited against the 10% limit previously mentioned, which are and must be issued for exercising subscription rights arising from option and/or conversion rights or obligations arising from debenture bonds. This limit should also take into account the treasury shares sold on the basis of an authorisation in application of § 71 section 1 no. 8 and § 186 section 3 sentence 4 of the German Stock Company Act to the exclusion of the subscription right.

Furthermore, the Annual General Meeting of 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the company's subscribed share capital by a total amount of up to EUR 56,100,000 by issuing up to 18,700,000 new no-par value bearer shares in total against contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). Furthermore, the Managing Board is authorised to exclude, with the consent of the Supervisory Board, the subscription right, provided that the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies, parts of companies, or of participations in companies, or of other assets. In addition, the Managing Board is authorised to exclude, with the consent of the Supervisory Board, the subscription right of shareholders in so far as it is necessary to grant bearers of the warrants and convertible bonds issued by the company or its subsidiaries subscription rights for new shares to the extent to which they would be entitled after exercising the option or conversion rights and/or fulfilling the warrant or conversion obligation. The Managing Board is authorised to determine, with the consent of the Supervisory Board, the further details and implementation of the capital increase, particularly the content of the share rights and the terms of the share issue.

As at 31 December 2010, the authorisation to issue new shares in return for cash or contributions in kind forming the basis of the authorised capitals I and II had not been used.

Ultimately, the conditional share capital described below existed as at 31 December 2010: The Annual General Meeting of 7 May 2009 decided to conditionally increase the subscribed share capital by a further amount of up to EUR 187,500,000, divided into up to 62,500,000 new no-par value bearer shares (Conditional Share Capital 2009). The conditional capital increase is only carried out insofar as the bearers of option or conversion rights, or those obliged to exercise conversions or options in connection with warrant or convertible bonds, profit-sharing certificates, or participating bonds issued or guaranteed by HeidelbergCement AG, or a Group company of HeidelbergCement AG in the sense of § 18 of the German Stock Company Act (Aktiengesetz) in which HeidelbergCement AG directly or indirectly has a participation of at least 90%, on the basis of the authorisation agreed by the Annual General Meeting of 7 May 2009 under agenda item 7, make use of their option or conversion rights or, if they are obliged to exercise conversions or options, fulfil their obligation to exercise conversions or options, or, if HeidelbergCement AG exercises an option to grant shares of HeidelbergCement AG in place of all or part of the payment of the monetary amount due, provided that a cash settlement is not granted and no treasury shares or shares of another listed company are used to service this right. As at 31 December 2010, the authorisation to issue warrant or convertible bonds forming the basis of the conditional share capital 2009 had not been used. Within the framework of a co-operation agreement, subject to the consent of the contractual partners, the company has undertaken as part of the capital increase for cash in September 2009 not to issue convertible bonds with the right to convert into new shares from the 2009 conditional share capital before April 2011.

As at the balance sheet date of 31 December 2010, the company has no treasury shares and there is no authorisation to acquire treasury shares.

41 Share premium

The share premium was essentially created from the premium from capital increases. The development of share premium is shown in the following table.

Share premium

EURm	2009	2010
1 January	3,470.9	**5,539.4**
Cash capital increase	2,068.5	
31 December	5,539.4	**5,539.4**

In the previous year, the cash capital increase was reduced by net transaction costs of EUR 56.5 million in accordance with IAS 32.37. This included income tax benefits of EUR 23.2 million.

42 Retained earnings

Retained earnings include profits earned by HeidelbergCement AG and its subsidiaries which have not yet been distributed, as well as changes in the provisions for pensions recognised directly in equity.

43 Other components of equity

The other components of equity include foreign currency translation differences, changes of financial assets categorised as "Available for sale at fair value", cash flow hedges, and revaluation reserve. The changes in comparison with the previous year are explained in the Group statement of comprehensive income and the Group statement of changes in equity.

44 Minority interests

As a result of the first-time consolidation of Cimenterie de Lukala S.A.R.L., Interlacs S.A.R.L., and CJSC "Construction Materials", the minority interests rose by EUR 59.5 million. Foreign currency translation contributed to an increase of EUR 54.5 million.

45 Provisions for pensions

Defined contribution plans

The sum of all pension expenses in connection with defined contribution plans amounted to EUR 32.4 million (previous year: 28.8). In 2010, the contributions to the statutory pension insurance fund amounted to EUR 27.6 million (previous year: 19.6).

Actuarial assumptions

The actuarial assumptions on which the calculations are based are summarised in the following table (weighted presentation):

Actuarial assumptions

	2009	2010
Discount rate	5.69 %	**5.32 %**
Expected return on plan assets	5.84 %	**5.82 %**
Future salary increases	4.02 %	**3.88 %**
Expected increase in health care cost	7.81 %	**8.68 %**

According to IFRIC 14, the pension assets are being limited to EUR 17.5 million (previous year: 25.8) in the United Kingdom and to EUR 0.2 million (previous year: 0.0) in Belgium. The minimum funding requirements existing in Canada have vanished (previous year: EUR 0.4 million). Those pension assets were capped because overfunding cannot be recovered due to local funding rules.

Overview of provisions for pensions for the different types of retirement benefit plans

In accordance with IAS 19 (Employee Benefits), detailed information concerning provisions for the pension plans and benefit plans for medical care costs, with obligations amounting to EUR 826.1 million (previous year: 867.7), is provided below, showing the funding of the plans and how they are accounted for in the balance sheet and profit and loss accounts.

Types of retirement benefit plans

EURm	2009	2010
Defined benefit pension plans	664.6	**605.4**
Plans for health care costs	203.1	**220.7**
	867.7	**826.1**

Presentation in the balance sheet		
EURm	2009	**2010**
Long-term pension provisions	756.7	**844.4**
Short-term pension provisions	115.1	**94.4**
Overfunding in pension schemes	-4.1	**-112.7**
	867.7	**826.1**

Pension obligations and pension funds

In 2010, pension obligations amounting to EUR 3,652.8 million (previous year: 3,397.0) existed in the Group, which were essentially covered by outside pension funds. In addition, there were direct agreements of EUR 553.5 million (previous year: 464.9). Obligations in the US, Indonesia, Belgium, and Canada for medical care costs for pension recipients amounted to EUR 218.9 million (previous year: 201.1). The following table shows the financing status of these plans and their presentation in the balance sheet.

Pension obligations and pension funds	Pension plans		Plans for health care cost		Total	
EURm	2009	**2010**	2009	**2010**	2009	**2010**
Present value of funded obligations	3,397.0	**3,652.8**			3,397.0	**3,652.8**
Fair value of plan assets	-3,224.7	**-3,619.7**			-3,224.7	**-3,619.7**
Recognised limitation acc. to IAS 19.58 B	26.1	**17.7**			26.1	**17.7**
Fair value of plan assets after limitation acc. to IAS 19.58 B	-3,198.6	**-3,602.0**			-3,198.6	**-3,602.0**
Deficit (+) / surplus (-)	198.4	**50.8**			198.4	**50.8**
Present value of unfunded obligations	464.9	**553.5**	201.1	**218.9**	666.0	**772.4**
Total liability	663.3	**604.3**	201.1	**218.9**	864.4	**823.2**
Obligation in the balance sheet	664.6	**605.4**	203.1	**220.7**	867.7	**826.1**
Unrecognised past service cost	-1.3	**-1.1**	-2.0	**-1.8**	-3.3	**-2.9**

The pension plans and the plans for medical care costs include actuarial losses as well as recognised limitations in accordance with IAS 19.58 B totalling EUR 486.8 million (previous year: 473.3), which have been recognised directly in equity. The increase of EUR 13.5 million (previous year: 273.0) in actuarial losses and recognised limitations according to IAS 19.58 B results primarily from the positive development of the funds' assets, losses from foreign currency translation, and the decrease in the discount rate on which the actuarial calculation is based. This decrease amounted to 0.37 percentage points (previous year: 0.31) and was significantly affected by the change of 1.20 percentage points (previous year: 0.0) in the Netherlands and Germany and of 0.3 percentage points (previous year: 0.1) in the United Kingdom.

Actuarial gains and losses

The following table shows the development of the actuarial gains and losses.

Actuarial gains and losses recognised in the statement of comprehensive income		
EURm	2009	**2010**
1 January	200.3	**473.3**
Change during year	267.5	**-14.7**
Exchange rate changes	5.5	**28.2**
31 December	473.3	**486.8**

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In 2010, as a result of changes in fund balances (i.e. not as a result of the change in the actuarial assumptions on which the measurement is based), profits of EUR 166.2 million (previous year: loss 8.9) were accrued on the funds' assets and profits of EUR 85.3 million (previous year: 22.0) were accrued on the obligations.

Development in the profit and loss accounts

The expenses for retirement benefits for the significant pension plans can be summarised as follows:

Development in the profit and loss accounts	Pension plans		Plans for health care cost		Total	
EURm	2009	2010	2009	2010	2009	2010
Current service cost	51.0	**50.8**	1.6	**1.5**	52.6	**52.3**
Interest cost	207.3	**223.8**	12.3	**12.1**	219.6	**235.9**
Expected return on plan assets	-176.9	**-193.7**			-176.9	**-193.7**
Past service cost recognised	2.8	**1.7**	-1.9	**-0.4**	0.9	**1.3**
Curtailment or settlement gains/losses recognised	-2.1	**-28.5**	0.2		-1.9	**-28.5**
Expenses recognised in profit and loss accounts	82.1	**54.1**	12.2	**13.2**	94.3	**67.3**

Of the total expenditure of EUR 67.3 million (previous year: 94.3), EUR 25.1 million (previous year: 51.7) is shown in personnel costs. The interest cost from the discounting of pension provisions and the expected return on plan assets of EUR 42.2 million (previous year: 42.7) are included in other financial result.

Curtailment gains of EUR 28.5 million (previous year: 2.1) from pension plans – primarily caused by the closing of pension plans in the United Kingdom by EUR 22.4 million (previous year: 2.8) as well as the closing of AFP-plans (early retirement plans) in Norway by EUR 5.7 million (previous year: loss 1.3) – were realised in the profit and loss accounts. In spite of the significant decrease in discount rate there is a decrease in the service cost to EUR 52.3 million (previous year: 52.6) which is an ongoing result of plan closing and replacement by defined contribution plans in the United Kingdom (impact of 2.5 million in 2010, ongoing decrease of 9.4 million from 2011 onwards, downward trend). This decrease of service cost will have to be mainly replaced by future contributions to the new defined contribution plans.

The actual return on the funds' assets amounted to EUR 363.9 million (previous year: 118.7), i.e. EUR 170.2 million higher (previous year: 58.2 lower) than the expected return on plan assets.

Sensitivity analysis of the expected health care cost

Developments in the cost of health care affect the profit and loss accounts and the pension obligations. The following table shows the effects of a one-percent increase or decrease in the expected cost of health care.

Sensitivity analysis of the expected health care cost	Changes in health care cost by +1%		by -1%	
EURm	2009	2010	2009	2010
Effect on the service cost and interest cost	1.9	**1.0**	-0.2	**-1.0**
Effect on defined benefit obligation	15.3	**15.1**	-13.5	**-14.2**

Development of the pension obligations and the funds' assets

The following table shows the development of pension obligations of EUR 4,425.2 million (previous year: 4,063.0) and the funds' assets of EUR 3,619.7 million (previous year: 3,224.7).

Development of pension obligations and plan assets	Pension plans		Plans for health care cost		Total	
EURm	2009	2010	2009	2010	2009	2010
Defined benefit obligation at 1 January	3,438.3	**3,861.9**	198.9	**201.1**	3,637.2	**4,063.0**
Change in scope of consolidation	2.0	**2.3**			2.0	**2.3**
Current service cost	51.0	**50.8**	1.6	**1.5**	52.6	**52.3**
Interest cost	207.3	**223.8**	12.3	**12.1**	219.6	**235.9**
Employee contributions	8.8	**7.4**			8.8	**7.4**
Actuarial gains/losses	255.0	**151.1**	13.5	**9.9**	268.5	**161.0**
Benefits paid by company	-38.1	**-36.5**	-18.9	**-19.3**	-57.0	**-55.8**
Benefits paid by fund	-193.2	**-194.1**			-193.2	**-194.1**
Expenses, taxes and premiums paid	-1.1	**-1.0**			-1.1	**-1.0**
Past service cost	2.4	**1.7**	-3.3		-0.9	**1.7**
Plan curtailments	-2.1	**-28.5**	0.2		-1.9	**-28.5**
Exchange rate changes	131.6	**167.4**	-3.2	**13.6**	128.4	**181.0**
Defined benefit obligation at 31 December	3,861.9	**4,206.3**	201.1	**218.9**	4,063.0	**4,425.2**
Funded obligation	3,397.0	**3,652.8**			3,397.0	**3,652.8**
Unfunded obligation	464.9	**553.5**	201.1	**218.9**	666.0	**772.4**
Fair value of plan assets at 1 January	3,037.7	**3,224.7**			3,037.7	**3,224.7**
Change in scope of consolidation	5.4				5.4	
Expected return on plan assets	176.9	**193.7**			176.9	**193.7**
Actuarial gains/losses	-7.4	**166.4**			-7.4	**166.4**
Employer contributions	70.1	**80.5**			70.1	**80.5**
Employee contributions	8.8	**7.4**			8.8	**7.4**
Benefits, expenses, taxes and premiums paid	-194.4	**-194.1**			-194.4	**-194.1**
Exchange rate changes	127.6	**141.1**			127.6	**141.1**
Fair value of plan assets at 31 December	3,224.7	**3,619.7**			3,224.7	**3,619.7**

HeidelbergCement paid EUR 55.8 million (previous year: 57.0) directly to the pension recipients and EUR 80.5 million (previous year: 70.1) as employer contributions to the funds. In 2011, we expect to pay EUR 113.8 million (previous year: 135.6), mainly due to reduced contributions in the United Kingdom.

Breakdown of the funds' assets

The funds' assets originate primarily from North America, with 28 % (previous year: 29 %), the United Kingdom, with 59 % (previous year: 58 %), and the Netherlands, with 9 % (previous year: 9 %). The assets in the funds can be divided into the following categories on a percentage basis:

Breakdown of the funds' assets	2009	2010
Equities North America	9 %	**9 %**
Equities Western Europe	12 %	**11 %**
Equities other regions	8 %	**8 %**
Bonds North America	20 %	**21 %**
Bonds Western Europe	42 %	**37 %**
Bonds other regions	1 %	**2 %**
Others	8 %	**12 %**

Five-year comparison

The development of the pension obligations and the funds' assets is shown in the following table.

Five-year comparison: Continuing operations

EURm	2006	2007	2008	2009	2010
Pension plans					
Present value of funded obligations for pension plans	1,055.3	3,627.5	2,976.7	3,397.0	**3,652.8**
Present value of unfunded obligations for pension plans	537.0	471.0	461.6	464.9	**553.5**
Present value of unfunded obligations for health care plans	124.9	212.7	198.9	201.1	**218.9**
Total present value of obligations	1,717.2	4,311.2	3,637.2	4,063.0	**4,425.2**
Fair value of funds' assets after limitation according to IAS 19.58 B	-976.2	-3,668.6	-3,004.4	-3,198.6	**-3,602.0**
Deficit (+) / surplus (-)	741.0	642.6	632.8	864.4	**823.2**
Experience losses/gains on obligations	29.8	-7.6	0.6	-22.0	**-85.3**
Experience losses/gains on assets	-11.7	-47.2	260.3	8.9	**-166.2**
Expected development of obligations	30.9	85.9	40.8	37.2	**20.5**
Expected development of assets	42.9	120.1	71.1	75.7	**59.5**

HeidelbergCement also participates in Multi-Employer Pension Plans (MEP), predominantly in the US, which award some unionised employees fixed benefits after their retirement. Multi-Employer Pension Plans are accounted for as defined contribution plans, as it is not possible to isolate the individual components of these plans. The contributions are determined on the basis of collective bargaining. The deficit and surplus of these plans have no significant impact on the Group annual accounts. Contributions of EUR 14.0 million (previous year: 14.0) were paid in 2010.

46 Other provisions

The following table explains the development of other provisions. The "Adjustment" line includes changes in the consolidation scope and foreign exchange differences as well as reclassifications from offsetting of obligations against corresponding claims for reimbursement.

Provisions

EURm	Provisions for damages and environmental obligations	Other environmental provisions	Other	Total
1 January 2010	448.4	315.0	436.7	**1,200.1**
Adjustment	-7.1	30.6	25.2	**48.7**
Utilisation	-32.5	-34.6	-64.8	**-131,9**
Release	-1.6	-25.3	-24.0	**-50.9**
Addition / unwinding of discount	65.0	34.3	95.9	**195.2**
31 December 2010	472.2	320.0	469.0	**1,261.2**

The maturities of the provisions accounted for in the 2010 financial year can be broken down as follows:

Maturities

EURm	Provisions for damages and environmental obligations	Other environmental provisions	Other	Total
Maturity ≤ 1 year	85.4	30.9	93.6	**209.9**
Maturity > 1 year ≤ 5 years	210.5	141.7	263.7	**615.9**
Maturity > 5 years	176.3	147.4	111.7	**435.4**
31 December 2010	472.2	320.0	469.0	**1,261.2**

Provisions for damages and environmental obligations

The provisions for damages and environmental obligations relate to former and existing US participations held by the Hanson Group, acquired in 2007. The obligations are not linked to the continuing business activity of the HeidelbergCement Group. The provisions for damages relate to the sale of products containing asbestos in the period from 1973 to 1984. The environmental liability claims include remediation obligations in connection with chemical products sold by a former Hanson participation. The provisions are measured on the basis of reliable estimates of the development of costs. The provisions are offset by claims for reimbursement against environmental and third-party liability insurers amounting to EUR 167.6 million (previous year: 162.8), of which EUR 117.1 million (previous year: 118.2) is shown under other long-term operating receivables and EUR 50.5 million (previous year: 44.6) under other short-term operating receivables.

Other environmental provisions

The other environmental provisions include recultivation, environmental, and restoration obligations. Recultivation provisions of EUR 208.7 million (previous year: 201.3) were recognised in connection with obligations to backfill and recultivate land used for the quarrying of natural resources. These provisions are accounted for in profit or loss in accordance with the progress of quarrying on the basis of the best estimate of the costs of fulfilling the obligation. Provisions for environmental obligations essentially include costs connected with the cleaning up of contaminated areas and remediation of quarrying damage. As at the balance sheet date, the obligations amounted to EUR 48.9 million (previous year: 54.4). Provisions for restoration obligations amounting to EUR 62.4 million (previous year: 59.3) were recognised. These provisions relate to costs arising in connection with the removal of installations (e.g. conveying systems at rented locations), so that a location can be restored to its contractually agreed or legally defined state after the end of its useful life.

Other provisions

Other provisions exist, in particular, for restructuring measures, process risks, and obligations arising for the Group in connection with occupational accidents. As at the balance sheet date, provisions of EUR 47.3 million (previous year: 41.7) had been recognised for restructuring measures (e.g. closure of plants or relocation of activities). Because of pending legal action against the Group, provisions for process risks, including those relating to pending antitrust proceedings, amounted to EUR 203.6 million (previous year: 204.8) and were recognised in the balance sheet. As at the balance sheet date, provisions of EUR 72.2 million (previous year: 63.3) had been recognised in connection with compensation obligations for occupational accidents. Other provisions were also recognised for a variety of minor issues.

Impact of interest rate effects

Provisions are measured at their present value, which is determined on the basis of the expected payments and a risk-adjusted pre-tax interest rate. The unwinding of the discount increased the other environmental provisions by EUR 8.7 million (previous year: 6.5) and the other provisions by EUR 6.1 million (previous year: 5.8). Changes in the discount rate led to an increase of EUR 8.7 million (previous year: 2.7) in other environmental provisions.

47 Liabilities

The following table splits up the liabilities into interest-bearing and operating liabilities.

Liabilities		
EURm	2009	2010
Interest-bearing liabilities		
Debenture loans	5,598.3	**7,228.8**
Bank loans	3,178.1	**1,139.0**
Other interest-bearing liabilities		
Miscellaneous interest-bearing liabilities	509.8	**613.0**
Liabilities from finance lease	12.3	**15.6**
Derivative financial instruments	27.0	**55.3**
	549.1	**683.9**
Puttable minorities	36.9	**95.5**
	9,362.4	**9,147.2**
Operating liabilities		
Trade payables	931.6	**1,084.7**
Current income taxes payables	279.3	**229.6**
Liabilities relating to personnel	209.8	**233.6**
Other operating liabilities	692.3	**657.4**
Deferred income and non-financial liabilities	65.4	**112.2**
	2,178.4	**2,317.5**
	11,540.8	**11,464.7**

The increase in bonds is essentially attributable to the issue of three bonds totalling EUR 2.05 billion by HeidelbergCement AG. In addition, a payment of EUR 0.6 billion was made to repay a USD bond becoming due in 2010. The decline in bank loans results principally from the repayment of EUR 2.1 billion of the syndicated acquisition facility. The other interest-bearing liabilities primarily include drawings under the Euro Medium Term Note programme and outstanding drawings under the Commercial Paper programme.

The derivative financial instruments with negative market values include currency forwards of EUR 1.1 million (previous year: 4.5), currency swaps of EUR 9,5 million (previous year: 18.7), interest rate swaps of EUR 44.7 million (previous year: 0.6), and commodities of EUR 0.0 million (previous year: 3.2). The change in the fair values of derivative financial instruments accounted for as hedging instruments in connection with cash flow hedges and recognised directly in equity amounts to EUR -3.2 million (previous year: 4.4), while EUR 0.0 million (previous year: 7.1) was released to profit or loss. Of the effective portion of the change in the fair values of derivative financial instruments, accounted for as hedging instruments of fair value hedges, EUR 43.9 million (previous year: 0.0) was recognised in profit or loss in the hedging result. The changes in the fair values of the derivatives accounted for as "held for trading" amount to EUR -12.4 million (previous year: 4.6) and were recognised in profit or loss. Additional information on the derivative financial instruments is provided on pages 199 ff.

Of the interest-bearing bank loans, EUR 125.4 million (previous year: 103.2) is secured by mortgages. The increase results essentially from borrowings made by joint ventures.

The following table gives an overview of the maturities of the interest-bearing liabilities.

Maturities of interest-bearing liabilities				
EURm	< 1 year	1 - 5 years	> 5 years	Total
31 December 2010				
Debenture loans	204.9	3,862.2	3,161.7	**7,228.8**
Bank liabilities	203.3	884.8	50.9	**1,139.0**
Other interest-bearing liabilities and put options	419.8	224.0	64.7	**708.5**
Liabilities from finance lease	4.8	6.7	4.1	**15.6**
Derivative financial instruments	11.0	25.1	19.2	**55.3**
	843.8	5,002.8	3,300.6	**9,147.2**
31 December 2009				
Debenture loans	699.5	2,498.9	2,399.9	**5,598.3**
Bank liabilities	196.2	2,944.7	37.2	**3,178.1**
Other interest-bearing liabilities and put options	255.8	234.2	56.7	**546.7**
Liabilities from finance lease	6.5	5.8		**12.3**
Derivative financial instruments	23.3	3.7		**27.0**
	1,181.3	5,687.3	2,493.8	**9,362.4**

The following table contains further details of the finance lease liabilities. It shows the reconciliation of the total future minimum lease payments at the balance sheet date to their present value.

Minimum lease payments of finance leases				
EURm	< 1 year	1 - 5 years	> 5 years	Total
31 Dezember 2010				
Present value of future minimum lease payments	4.8	6.7	4.1	**15.6**
Interest of future minimum lease payments	1.2	2.7		**3.9**
Future minimum lease payments	6.0	9.4	4.1	**19.5**
31 Dezember 2009				
Present value of future minimum lease payments	6.5	5.8		**12.3**
Interest of future minimum lease payments	0.5	0.5		**1.0**
Future minimum lease payments	7.0	6.3		**13.3**

Additional statements on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and categories. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are shown.

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1 To our shareholders
2 Combined management report
3 Corporate Governance
4 HeidelbergCement annual accounts
5 Additional information

Carrying amounts and fair values of financial instruments	31 December 2009		31 December 2010	
EURm	Carrying amount	Fair value	**Carrying amount**	**Fair value**
Assets				
Financial investments "Available for sale at cost"	60.1		**40.4**	
Financial investments "Available for sale at fair value"	19.2	19.2	**23.4**	**23.4**
Loans and other interest-bearing receivables	164.5	161.1	**161.5**	**166.3**
Trade receivables and other operating receivables	1,722.9	1,714.3	**1,843.6**	**1,843.4**
Cash and cash equivalents	854.4	854.4	**869.7**	**869.7**
Derivatives – Hedge accounting	23.1	23.1	**21.8**	**21.8**
Derivatives – Held for trading	24.8	24.8	**18.3**	**18.3**
Liabilities				
Bonds, loans and other financial liabilities	9,323.1	9,522.5	**9,076.3**	**9,466.8**
Trade creditors and other operating liabilities	1,833.7	1,829.0	**1,975.7**	**1,976.9**
Liabilities from finance lease	12.3	12.3	**15.6**	**15.6**
Derivatives – Hedge accounting	3.9	3.9	**45.0**	**45.0**
Derivatives – Held for trading	23.1	23.1	**10.3**	**10.3**

"Available for sale at cost" investments are equity investments measured at cost, for which no listed price on an active market exists and whose fair values cannot be reliably determined. Therefore, no fair value is indicated for these instruments. "Available for sale at fair value" investments are measured at fair value on the basis of the stock market prices on the reporting date. Derivative financial instruments, both those using hedge accounting and those held for trading, are also measured at fair value. In these items, the fair value always corresponds to the carrying amount.

The fair values of the long-term loans, other long-term operating receivables, bank loans, finance lease liabilities, and other long-term interest-bearing and operating liabilities correspond to the present values of the future payments, taking into account the interest parameters at the time of payment.

The fair values of the listed bonds correspond to the nominal values multiplied by the price quotations on the reporting date. For the financial instruments with short-term maturities, the carrying amounts on the reporting date represent reasonable estimates of the fair values.

The following overview shows the carrying amounts of the financial instruments aggregated by the categories given in IAS 39.

Financial instruments according to categories of IAS 39					
EURm	Loans and receivables	Financial investments "Available for sale"	Financial instruments "Held for trading"	Financial liabilities	**Total**
31 December 2010					
Fair value with profit or loss effect			8.0		**8.0**
Fair value without profit or loss effect		23.4		-73.2	**-49.8**
Cost / amortised cost	2,874.8	40.4		-10,994.4	**-8,079.2**
31 December 2009					
Fair value with profit or loss effect			1.7		**1.7**
Fair value without profit or loss effect		19.2		-15.0 [1]	**4.2**
Cost / amortised cost	2,741.8	60.1		-11,154.1	**-8,352.2**

1) Shown under "amortised cost" in the previous year.

The following table shows the fair value hierarchies of the financial instruments measured at fair value.

Fair value hierarchy	31 December 2009		31 December 2010	
EURm	Hierarchy 1	Hierarchy 2	**Hierarchy 1**	**Hierarchy 2**
Assets				
Financial investments "Available for sale at fair value"	19.2		**23.4**	
Derivatives				
Currency forwards		0.9		**0.3**
Currency swaps		23.4		**18.0**
Interest rate swaps		23.3		**17.4**
Commodities		0.3		**4.4**
Liabilities				
Derivatives				
Currency forwards		4.5		**1.1**
Currency swaps		18.7		**9.5**
Interest rate swaps		0.6		**44.7**
Commodities		3.2		

In hierarchy 1, the fair value is calculated using prices quoted on an active market (unadjusted) for identical assets or liabilities to which the company has access on the measurement date. For hierarchy 2, the fair value is determined using a discounted cash flow model on the basis of input data that do not involve quoted prices classified in level 1, and which are directly or indirectly observable.

The following table shows the net profits or losses from the financial instruments by category.

Net gains or losses		
EURm	2009	**2010**
Loans and receivables	-45.4	**-36.6**
Financial investments "Available for sale"	-2.7	**-5.3**
Financial instruments "Held for trading"	-87.6	**6.4**
Financial liabilities	178.4	**59.0**
	42.7	**23.5**

The net results from loans and receivables include impairments of EUR -19.2 million (previous year: -46.9) and exchange rate effects of EUR -17.4 million (previous year: 1.5).

The measurement of the "Available for sale at fair value" investments resulted in a gain of EUR 6.5 million (previous year: 4.3) recognised directly in equity. EUR 8.7 million (previous year: 2.9) was released from equity. A profit of EUR 0.8 million (previous year: -0.5) arose from the disposal. A net loss of EUR -12.0 million (previous year: -2.9) is attributable to impairments. In addition, foreign exchange losses of EUR -0.6 million (previous year:-0.7) were incurred.

The net result from the subsequent measurement of the financial instruments "Held for trading" includes foreign exchange and interest rate effects. In financial liabilities, the net profit includes effects from foreign currency translation of EUR 59.0 million (previous year: 178.4).

The following table shows the total interest income and expenses for the financial instruments not measured at fair value through profit or loss.

Total interest income and expense		
EURm	2009	**2010**
Total interest income	84.7	**93.5**
Total interest expense	-706.0	**-677.3**
	-621.3	**-583.8**

The impairment of financial assets by class is shown in the following table.

Impairment		
EURm	2009	**2010**
Financial investments "Available for sale at cost"	-2.9	**-0.9**
Financial investments "Available for sale at fair value"		**-11.1**
Loans and other interest-bearing receivables	-0.3	**-1.3**
Trade receivables and other operating receivables	-46.6	**-17.9**
	-49.8	**-31.2**

Financial assets of EUR 2.2 million (previous year: 13.5) were pledged as collateral for liabilities and contingent liabilities.

Derivative financial instruments

The following table shows the nominal values and market values of the derivative financial instruments and commodities, which fall within the scope of IAS 39.

Derivative financial instruments	31 December 2009		31 December 2010	
EURm	Nominal value	Fair value	**Nominal value**	**Fair value**
Assets				
Cash flow hedges – Commodities				**4.4**
Fair value hedges – Interest rate swaps	2,000.0	23.1	1)	**17.4**
Derivatives held for trading				
Currency forwards	38.3	0.9	**17.5**	**0.3**
Currency swaps	837.5	23.4	**997.9**	**18.0**
Interest rate swaps	17.5	0.2		
Commodities		0.3		
	2,893.3	47.9	**1,015.4**	**40.1**
Liabilities				
Cash flow hedges				
Currency forwards	1.6	0.2	**9.4**	**0.7**
Interest rate swaps	17.5	0.6	**19.1**	**0.4**
Commodities		3.1		
Fair value hedges – Interest rate swaps			**2,650.0** 1)	**43.9**
Derivatives held for trading				
Interest rate swaps			**17.5**	**0.4**
Currency forwards	113.2	4.3	**26.8**	**0.4**
Currency swaps	582.7	18.7	**553.8**	**9.5**
Commodities		0.1		
	715.0	27.0	**3,276.6**	**55.3**

1) The nominal value relates to an interest rate swap with a negative market value of EUR -26.5 million, which was designated as a hedging instrument in a fair value hedge. The negative market value was shown on both the assets and liabilities sides because of the separation into long-term and short-term components of the interest rate swap.

The positive market values of EUR 0.3 million (previous year: 0.3) of the fuel derivatives relate to a supply quantity of 14.4 million tonnes (previous year: 7.2). The positive market values of EUR 4.1 million (previous year: -3.1) of the electricity derivatives relate to a supply quantity of 0.6 million MWh (previous year: 0.2).

Cash flow hedges

The interest rate swap hedges the future interest rate risks of a variable interest-bearing loan. This swap with a market value of EUR -0.4 million (previous year: -0.6) matures in June 2012. During the reporting period, EUR 0.2 million was recognised directly in equity.

The currency forwards hedge the currency risks of future purchases of raw materials in USD. These forward contracts with a market value of EUR -0.7 million (previous year: -0.2) matures in the course of 2011. During the reporting period, EUR -0.5 million was recognised directly in equity.

The commodities of EUR 4.4 million (previous year: -3.1) hedge future electricity prices and mature from 2011. In the reporting year, valuation effects of EUR 7.2 million were recognised directly in equity. The release of electricity derivatives caused effects of EUR 5.4 million to be reclassified from equity to profit or loss.

There was no appreciable ineffectiveness in the cash flow hedges.

Fair value hedges

The interest rate swaps with a market value of EUR -26.5 million (previous year: 23.1) hedge the interest rate risks of fixed interest-bearing loans. The fair value of EUR 17.4 million is short-term. The fair value of EUR -25.2 million has a term of 1 to 5 years and the fair value of EUR -18.7 million has a term of more than 5 years. The fair value excluding accrued interest of EUR -59.3 million (previous year: -7.0) was recognised in profit or loss in the hedging result. Accordingly, a fair value adjustment of EUR 59.4 million (previous year: 7.0) was made for the loans, which was also shown in the hedging result. The accrued interest of EUR 32.8 million (previous year: 30.1) included in the market value was recognised in profit or loss in the interest income/expenses.

Derivatives not accounted for as hedges (“Held for trading”)

The derivatives with a market value of EUR 8.0 million, which were not accounted for as hedges in accordance with IAS 39, mature within a year.

Risks from financial instruments

As regards its assets, liabilities, firm commitments, and planned transactions, HeidelbergCement is particularly exposed to risks arising from changes in foreign exchange rates, interest rates, and market and stock market prices. These market price risks may have a negative impact on the Group's financial position and performance. The Group manages these risks primarily as part of its ongoing business and financing activities and, when required, by using derivative financial instruments. The main aspects of the financial policy are determined by the Managing Board. The Group Treasury department is responsible for implementation of the financial policy and ongoing risk management.

The Group Treasury department acts on the basis of existing binding guidelines, which determine the decision criteria, competences, responsibilities, and processes for managing the financial risks. Certain transactions also require the prior approval of the Managing Board. The Group Treasury department informs the Managing Board on an ongoing basis about the amount and scope of the current risk exposure and the current market development on the global financial markets. The Group Internal Audit department monitors the observance of the guidelines mentioned above and the corresponding legal framework by means of targeted auditing.

Credit risk

HeidelbergCement is exposed to credit risks through its operating activities and certain financial transactions. The credit risk is the risk that a contracting party unexpectedly does not fulfil, or only partially fulfils, the obligations agreed when signing a financial instruments contract. The Group limits its credit risk by only concluding contracts for financial investments and derivative financial instruments with partners with a first-class credit rating.

Credit rating

The rating agencies Standard & Poor's, Moody's, and Fitch Ratings assess the creditworthiness of HeidelbergCement as BB-/B (Positive Outlook), Ba2/Not Prime (Positive Outlook), and BB/B (Stable Outlook) as at the end of 2010. Any potential downgrading of the ratings awarded by the rating agencies could have a negative impact on HeidelbergCement's cost of capital and refinancing possibilities.

Cash and cash equivalents

This item essentially comprises cash. The Group is exposed to losses arising from credit risks in connection with the investment of cash and cash equivalents if contracting parties do not fulfil their obligations. HeidelbergCement manages the resulting risk position by diversification of contracting parties. Cash and cash equivalents are invested in selected companies, banks, and financial institutions following a thorough credit analysis. At present, no cash or cash equivalents are overdue or impaired as a result of failures. The maximum credit risk of the cash and cash equivalents corresponds to the carrying amount.

Trade receivables

Trade receivables result mainly from the sale of cement, concrete, and aggregates. In operating activities, the outstanding debts are monitored on an ongoing basis. Credit risks are taken into account by means of individual valuation allowances and valuation allowances for collective impairments. The maximum risk position from the trade receivables corresponds to the carrying amount.

Other receivables and assets

The credit risk position from other receivables and assets corresponds to the carrying amount of these instruments. HeidelbergCement regards this credit risk as insignificant.

Derivative financial instruments

Derivative financial instruments are generally used to reduce risks. In the course of its business activity, HeidelbergCement is exposed to interest rate, currency, and energy price risks. For accounting purposes, a significant portion of the derivatives are not accounted for as hedges in accordance with IAS 39, but as instruments in the category "held for trading". However, from a commercial perspective, the changes in the fair values of these instruments represent an economically effective hedge within the context of the Group strategy. The maximum credit risk of this item corresponds to the fair value of the derivative financial instruments that have a positive market value and are shown as financial assets at the balance sheet date. Interest rate swaps were contracted to hedge the fair value risk, and were designated as hedging instruments in accordance with IAS 39. In order to reduce the credit risk, the hedging transactions are, in principle, only concluded with leading financial institutions with a first-class credit rating. The contracting parties have very good credit ratings, awarded by external rating agencies, such as Moody's, Standard & Poor's, or Fitch Ratings. There are currently no past-due derivative financial instruments in the portfolio.

Liquidity risk

The liquidity risk describes the risk that a company cannot fulfil its financial obligations to a sufficient degree. To manage HeidelbergCement's liquidity, the Group maintains sufficient cash and extensive credit lines with banks, besides the cash inflow from operating activities. The operating liquidity management includes a daily reconciliation of cash and cash equivalents; the Group Treasury department, based in Heidelberg, acts as an in-house bank.

This allows liquidity surpluses and requirements to be managed in accordance with the needs of the entire Group and of individual Group companies.

As at the end of the year, HeidelbergCement still has as yet undrawn, confirmed credit lines of EUR 2.6 billion available in order to secure liquidity, as well as available cash. A framework agreement for an unlimited period for the issue of short-term bearer bonds ("commercial paper") of EUR 1.0 billion is available to cover short-term liquidity peaks. The programme makes provision for individual tranches with different terms to be issued at different times depending on the market situation. As at the end of 2010, Commercial Papers totalling EUR 173.8 million were outstanding. Further information on liquidity risks can be found in the Management report, Risk report chapter, on page 88.

As the financial contracts of HeidelbergCement do not contain any clauses that trigger a repayment obligation in the event of the credit rating being downgraded, the maturity structure will remain unaffected even if the credit quality assessments change. Margin calls that could lead to an outflow of liquidity are not agreed in any of the fundamental financial instruments. All derivative financial instruments are contracted on the basis of existing framework agreements that contain netting agreements for the purpose of reducing credit and liquidity risks.

In order to further optimise the maturity structure, HeidelbergCement AG issued three Eurobonds to national and foreign institutional investors with a total issue volume of EUR 2.05 billion in 2010.

The following maturity overview shows how the cash flows of the liabilities as at 31 December 2010 affect the Group's liquidity position. The overview describes the progress of

– undiscounted repayments and interest payments for debenture loans

– undiscounted bank loans and interest payments to banks

– undiscounted other liabilities, and

– undiscounted contractually agreed payments for derivative financial instruments, as a total for the year.

The trade payables are assigned to short-term maturities (within a year). For variable interest payments, the current interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Cash flows of financial liabilities and derivative financial instruments

EURm	Carrying amount 31 Dec. 2010	Cash flows 2011	Cash flows 2012	Cash flows 2013	Cash flows 2014	Cash flows 2015 - 2024
Debenture loans	**7,728.8**	506.4	1,506.4	976.2	1,400.9	5,574.8
Bank loans	**1,139.0**	215.8	455.4	378.2	159.8	56.3
Other financial liabilities	**724.1**	374.0	180.0	1.9	2.0	37.0
Derivatives with positive market values						
Cash flow hedges	**4.4**	2.0				
Fair value hedges	**17.4**					
Derivatives held for trading	**18.3**	1,015.4				
Derivatives with negative market values						
Cash flow hedges	**1.1**	8.7	0.6			
Fair value hedges	**43.9**	176.5	176.5	176.5	165.1	181.7
Derivatives held for trading	**10.3**	581.1	0.4	0.4	0.4	0.9

Cash flows of financial liabilities and derivative financial instruments

EURm	Carrying amount 31 Dec. 2009	Cash flows 2010	Cash flows 2011	Cash flows 2012	Cash flows 2013	Cash flows 2014 - 2020
Debenture loans	5,598.3	914.6	362.8	1,461.3	796.2	4,350.2
Bank loans	3,178.1	356.4	2,481.1	347.3	237.5	177.4
Other financial liabilities	559.0	106.9	156.1	87.4	0.8	34.9
Derivatives with positive market values						
Fair value hedges	23.1	109.1	109.1	109.1	109.1	213.8
Derivatives held for trading	24.8	876.5	0.8	0.8	0.8	2.4
Derivatives with negative market values						
Cash flow hedges	3.9	2.7	1.1	0.6		
Derivatives held for trading	23.1	695.9				

The inflow of liquidity of EUR 993.5 million (previous year: 964.6) from interest rate swaps has not been taken into account in the table.

The undiscounted contractual cash flows of the finance lease liabilities are shown in a separate table on page 196.

Interest rate risk

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. The Managing Board and Supervisory Board of HeidelbergCement AG have decided against hedging the variable interest-bearing financial instruments. This strategy is based on the historically strong correlation between increasing profits and rising interest rates. For financial instruments with fixed interest that are measured at amortised cost, interest rate risks have no impact on the results and equity.

The average share of variable interest-bearing financial instruments is 43 % (previous year: 66 %). If the market interest rate level had been 100 basis points higher (lower) on 31 December 2010, the interest cost of the HeidelbergCement Group would have risen (fallen) by EUR 38 million (previous year: 71).

The hedging of the bonds issued in October 2009 and July 2010 with interest rate swaps using fair value hedge accounting has resulted in effects on results from the basis adjustment of the hedged items (bonds – hedged risk) and from the measurement of the interest rate swaps. These effects on results were taken into account in the sensitivity analysis.

Currency risk

HeidelbergCement's currency risks result from its investing, financing, and operating activities. Risks from foreign currencies are primarily hedged in so far as they affect the Group's cash flows. By contrast, foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of the assets and liabilities of foreign subsidiaries into the Group reporting currency) generally remain unhedged. However, if necessary, HeidelbergCement can also hedge this foreign currency risk. Currency forwards, currency swaps and, in isolated cases, currency options are used in the elimination of existing currency risks.

Through the in-house banking activities of HeidelbergCement AG, the borrowing and investment of liquidity of the subsidiaries leads to currency positions that are hedged by means of external currency swap transactions, which are appropriate in terms of maturities and amounts. Consequently, currency fluctuations in connection with the in-house banking activities would have no impact on results or equity.

The hypothetical result implications, considering the external financial instruments (primarily currency swap transactions) in isolation and in the event of a 10 % increase (decrease) in the value of the euro against all other currencies on 31 December 2010, would be as follows:

EUR/USD: EUR +11.8 million, EUR/AUD: EUR +49.2 million, EUR/SEK: EUR -4.9 million, EUR/GBP: EUR +6.0 million, EUR/NOK: EUR +11.1 million, EUR/CAD: EUR +21.1 million, EUR/DKK: EUR -0.8 million, EUR/CZK: EUR +1.2 million, EUR/RUB: EUR -25.2 million, EUR/ILS: EUR +4.3 million, EUR/PLN: EUR +0.4 million, EUR/HKD: EUR +2.7 million, EUR/LVL: EUR -0.4 million, EUR/INR: EUR -0.6 million, EUR/MYR EUR +0.7 million, IDR/USD: EUR -1.9 million, EUR/KZT: EUR -3.2 million, EUR/RON: EUR -6.0 million, CAD/USD: EUR -0.8 million, SEK/LVL: EUR -0.4 million, AUD/USD: EUR -0.4 million.

(On 31 Dec. 2009: EUR/USD: EUR +19.6 million, EUR/AUD: EUR +39.4 million, EUR/SEK: EUR -6.8 million, EUR/GBP: EUR -29.7 million, EUR/NOK: EUR +7.0 million, EUR/CAD: EUR -0.5 million, EUR/DKK: EUR -0.7 million, EUR/CZK: EUR -2.4 million, EUR/RUB: EUR -12.2 million, EUR/EEK: EUR +2.7 million, EUR/ILS: EUR +1.8 million, EUR/PLN: EUR +0.6 million, EUR/HKD: EUR +2.4 million, IDR/USD: EUR +0.5 million, EUR/KZT: EUR -3.1 million, EUR/RON: EUR -4.3 million)

Capital management

To ensure the sustainability of the Group's financial position and performance, the management primarily employs three instruments. The investments are aligned with HeidelbergCement's strategic and operational planning. For all investments, with the exception of replacement investments, the long-term contribution to results for the Group is measured and subject to a "contribution to results" test. Significant strategic investments with a volume exceeding EUR 10 million are subject to central testing and are presented individually to the Managing Board. The test centres on the impact of investments on the profit and loss accounts, balance sheet and cash flow statement of the Group.

HeidelbergCement also uses country-specific weighted average cost of capital after tax, which was between 6.5 % and 18.9 % for 2010 (previous year: between 6.3 % and 17.7 %). All decisions regarding the profitability of expansion investments are measured against the internal profitability goals on the basis of the weighted average cost of capital.

HeidelbergCement has a worldwide, results-related remuneration system for management. Clear goal agreements ensure a management approach that focuses on results and capital requirements. For all countries in the Group, the Managing Board defines the target profit and working capital required in order to obtain bonus payments.

Through quarterly meetings with all country managers, the Managing Board of HeidelbergCement discusses and follows up on agreed goals and countries' results and outlook, as well as the strategic orientation. An extensive discussion on operational planning at national level is held with all countries in the fourth quarter. In face to face meetings with the national management, the Managing Board establishes result goals, steering of specific activities and major investments.

The ratio of net financial liabilities to the operating income before depreciation (OIBD) is of fundamental importance in the monitoring of the Group's capital.

Net financial liabilities / OIBD

EURm	31 Dec. 2009	31 Dec. 2010
Cash, financial investments and derivative financial instruments	902.3	**905.7**
Financial liabilities	9,362.4	**9,147.3**
Puttable minorities	-36.9	**-95.6**
Net financial liabilities	8,423.2	**8,146.0**
Operating income before depreciation (OIBD)	2,102.0	**2,239.4**
Net financial liabilities / OIBD	4.01	**3.64**

In connection with credit agreements, HeidelbergCement agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. The EBITDA key figure is derived from the credit agreements and therefore differs from the operating income before depreciation key figure as it takes elements of the additional ordinary result and adjustments from changes in the consolidation scope into consideration. Further explanations are given in the Management Report on page 88 f.

Within the framework of the Group planning, compliance with the credit agreements is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms.

Guarantees and other financial commitments

Guarantees are potential future obligations to third parties, the existence of which depends on the occurrence of at least one uncertain future event outside HeidelbergCement's control.

At the reporting date, there are contractually provided guarantees of EUR 376.4 million (previous year: 366.4). These include obligations of EUR 303.4 million (previous year: 330.7), for which the probability of outflow is remote (IAS 37.28).

Other financial commitments

EURm	2009	2010
Rental and leasing contracts		
Total of all leasing payments mature within 1 year	84.8	**98.6**
Total of all leasing payments mature within 1 to 5 years	227.1	**246.5**
Total of all leasing payments mature after more than 5 years	346.6	**362.0**
	658.5	**707.1**
Other financial commitments for planned tangible and financial fixed asset investments	216.4	**270.7**

Other financial commitments are listed with their nominal values. The future rental and leasing obligations refer primarily to property and other assets used by HeidelbergCement.

Related parties disclosures

IAS 24 requires a statement concerning the most important relationships with related companies and persons that may exert a significant influence on HeidelbergCement AG. This applies also to companies accounted for as joint ventures or associates and key management personnel.

As at 31 December 2010, Mr Ludwig Merckle holds a share of 25.11 % in HeidelbergCement AG via companies that he controls. According to the notifications of 24 January 2011 available to us, these voting rights, primarily those of SC Vermögensverwaltung GmbH (formerly Spohn Cement GmbH), Zossen (24.06 %), were regrouped and concentrated into Spohn Cement Beteiligungen GmbH, Zossen (25.01 %). HeidelbergCement AG provided services amounting to the net value of EUR 574,100 (previous year: 42,000 to Spohn Cement GmbH) to PHOENIX Pharmahandel GmbH & Co KG, Mannheim, a company of the Merckle Group.

On 13 September 2009, HeidelbergCement AG reached a co-operation agreement with the following companies belonging to the Merckle group: SC Vermögensverwaltungs GmbH (formerly Spohn Cement GmbH), VEM Vermögensverwaltung GmbH, HC Treuhand GmbH, and VEM erste Treuhand GmbH. The agreement will expire on 30 June 2011.

Business transactions with associates include turnover and other sales amounting to EUR 22.9 million (previous year: 32.6), the procurement of goods and services amounting to EUR 9.0 million (previous year: 32.2), and services provided amounting to EUR 0.3 million (previous year: 0.5). In addition, loans of EUR 0.0 million (previous year: 1.0) were granted to associated companies and capital increases of EUR 2.4 million (previous year: 0.0) were carried out in 2010.

Intra-Group turnover and other sales with joint ventures amounted to EUR 66.1 million (previous year: 114.3). Raw materials, goods, and other services amounting to EUR 114.5 million (previous year: 284.0) were procured from these joint ventures. EUR 3.3 million (previous year: 7.8) was generated in financial and other services. In addition, Lehigh Hanson Materials Ltd participated in the capital increase of the joint venture Parsons Creek for an amount of EUR 1.1 million (previous year: 2.9). Receivables amounting to EUR 81.4 million (previous year: 118.2) and liabilities of EUR 39.2 million (previous year: 81.6) exist in connection with these activities and financial transactions. Guarantees of EUR 70.6 million (previous year: 59.9) were outstanding to joint ventures.

In addition, companies of the HeidelbergCement Group have not carried out reportable transactions of any kind with members of the Supervisory Board or of the Managing Board as persons in key positions or with companies in whose executive or governing bodies these persons are represented.

Statement of compliance with the German Corporate Governance Code

The statement of compliance with the German Corporate Governance Code required by § 161 of the German Stock Company Act (Aktiengesetz) was submitted by the Managing Board and the Supervisory Board of Heidelberg-Cement AG on 17 March 2010. The statement for 2011 was published on the website www.heidelbergcement.com on 10 February 2011.

Fees of the independent auditors

In 2010, the independent auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft received fees amounting to EUR 4.7 million (previous year: 8.4).

Fees of the independent auditors

EURm	2009	2010
Audit services	2.8	**2.9**
Other assurance services	4.8	**1.0**
Tax services	0.5	**0.3**
Other services	0.3	**0.5**
	8.4	**4.7**

Supervisory Board and Managing Board

We refer to the details given in the Corporate Governance chapter of the management report (pages 124 ff.).

The fixed remuneration of the Managing Board increased to EUR 4.3 million (previous year: 3.9) in comparison with the previous year.

By contrast, the sum of variable remuneration elements, which only comprised a one-year bonus this year, decreased to EUR 8.1 million (previous year: 11.7). The reduction in the sum of variable remuneration elements is essentially based on the omission of two special items: Firstly, the Managing Board was awarded a special bonus of EUR 5.0 million in the previous year in connection with the successful reorganisation of the capital and financing structure. Secondly, the earned tranche of the 2008/2009 medium-term bonus in the previous year amounted to EUR 2.9 million.

Other remuneration elements totalled EUR 1.2 million (previous year: 1.0). The other remuneration elements consisted of payments for committee activities at subsidiaries of HeidelbergCement AG, reimbursement of expenses, and non-cash benefits arising from the provision of company cars.

Total remuneration of the Managing Board in 2010 amounted to EUR 13.6 million (previous year: 16.6). Furthermore, in accordance with § 314 section 1 item 6. letter a) sentence 3 of the German Commercial Code (HGB), a sum of EUR 1.7 million must still be specified, which is primarily attributable to the deviation of the final attainment of the 2008/2009 medium-term bonus compared with the assumptions made at the time the 2009 Group annual accounts were established.

Allocations to provisions for pension obligations (current service cost) for current members of the Managing Board amounted to EUR 1.3 million (previous year: 1.3). Payments to former members of the Managing Board and their surviving dependants amounted to EUR 3,0 million (previous year: 2.3) in the reporting year. Provisions for pension obligations to former members of the Managing Board amounted to EUR 28.1 million (previous year: 26.1).

The total Supervisory Board remuneration in 2010 amounted to EUR 815,432 (previous year: 499,895).

Events after the balance sheet date

No reportable events took place after the balance sheet date of 31 December 2010.

Approval of the Group annual accounts

The Group annual accounts were prepared by the Managing Board and adopted on 16 March 2011. They were then submitted to the Supervisory Board for approval.

List of shareholdings of HeidelbergCement Group and HeidelbergCement AG as at 31 December 2010 (§ 285 no. 11 in conjunction with § 287 resp. § 313 section 2 in conjunction with section 4 of the German Commercial Code (HGB))

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Subsidiaries				
Western and Northern Europe				
"Exakt" Kiesaufbereitung-Gesellschaft mit beschränkter Haftung & Co Kommanditgesellschaft *)	Paderborn, Germany	100.00	EUR	1
A.R.C. (Western) Limited	Maidenhead, United Kingdom	100.00	GBP	6
AB Gotlands Kalkverk	Stockholm, Sweden	100.00	SEK	8
Abetong AB	Växjö, Sweden	100.00	SEK	243
Alexandre Limited	Maidenhead, United Kingdom	100.00	GBP	4
Amey Group Limited (The)	Maidenhead, United Kingdom	100.00	GBP	13
Amey Roadstone International Limited	Maidenhead, United Kingdom	100.00	GBP	0
Appleby Group Limited	Maidenhead, United Kingdom	100.00	GBP	75
ARC Aggregates Limited	Maidenhead, United Kingdom	100.00	GBP	3
ARC Building Limited	Maidenhead, United Kingdom	100.00	GBP	-18
ARC Concrete (Anglia) Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Concrete Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Land Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Property Investments Limited	Maidenhead, United Kingdom	100.00	GBP	39
ARC Slimline Limited	Maidenhead, United Kingdom	100.00	GBP	-3
ARC South Wales Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC South Wales Mortar Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC South Wales Quarries Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC South Wales Surfacing Limited	Maidenhead, United Kingdom	100.00	GBP	0
ARC Wales Limited	Maidenhead, United Kingdom	100.00	GBP	0
Aridos Martinez Garcia S.L.	Toledo, Spain	100.00	EUR	1
Aridos Sanz S.L.	Valladolid, Spain	100.00	EUR	5
Aridos Velilla, S.A.	Toledo, Spain	100.00	EUR	-1
AS Abetong	Oslo, Norway	100.00	NOK	5
Attendflower Limited	Maidenhead, United Kingdom	100.00	GBP	1,000
B.V. Betoncentrale De Schelde	Bergen op Zoom, Netherlands	60.00	EUR	-1
B.V. Betonmortelcentrale 'BEMA'	Alkmaar, Netherlands	66.67	EUR	0
B.V. Bouwgrondstoffen A.G.M.	Amsterdam, Netherlands	90.00	EUR	2
B.V. Internationale Bagger- Scheepvaart- en Handel Maatschappij I	Amsterdam, Netherlands	100.00	EUR	2
Baltic Saule	Riga, Latvia	100.00	LVL	1

Company name	Corporate seat	Group owner-ship %	Cur-rency	Equity in million
Banbury Alton Limited	Maidenhead, United Kingdom	100.00	GBP	0
Basalt Ibérica, S.A.	Madrid, Spain	100.00	EUR	2
Bath and Portland Stone (Holdings) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Baustoffwerke Dresden GmbH & Co. KG *)	Dresden, Germany	51.00	EUR	1
Beazer Insurance Services Limited	Douglas, Isle Of Man	100.00	GBP	2
Beazer Limited	Maidenhead, United Kingdom	100.00	GBP	3
Beforebeam Limited	Maidenhead, United Kingdom	100.00	GBP	400
Beforeblend Limited	Maidenhead, United Kingdom	100.00	GBP	204
Berec Holdings B.V.	Amsterdam, Netherlands	100.00	EUR	188
Berry's Electric Magicoal Limited	Maidenhead, United Kingdom	100.00	GBP	1
Beton Baguette Marcel S.A.	Bruxelles, Belgium	85.29	EUR	1
Béton de Liège SA	Bruxelles, Belgium	85.27	EUR	1
BetonCenter Swinkels B.V. 1)	Helmond, Netherlands	50.00	EUR	-1
Betong Sör AS	Oslo, Norway	67.50	NOK	11
Betongindustri AB	Stockholm, Sweden	100.00	SEK	91
Birchwood Concrete Products Limited	Maidenhead, United Kingdom	100.00	GBP	159
Birchwood Omnia Limited	Maidenhead, United Kingdom	100.00	GBP	1,013
Bjerkli Betongpumping AS	Oslo, Norway	75.50	NOK	0
BLG Betonlieferungsgesellschaft mit beschränkter Haftung	München, Germany	100.00	EUR	8
Bonny Holding Ltd.	Irish Town, Gibraltar	93.94	USD	0
Boons Granite Quarries Limited	Maidenhead, United Kingdom	100.00	GBP	0
Brazier Aggregates Limited	Maidenhead, United Kingdom	100.00	GBP	2
Bristol Sand and Gravel Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
British Agricultural Services Limited	Maidenhead, United Kingdom	100.00	GBP	342
British Ever Ready Limited	Maidenhead, United Kingdom	100.00	GBP	24
British Thermostat Company Limited (The)	Maidenhead, United Kingdom	100.00	GBP	4
Buckland Sand & Silica Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
Building Material Holdings B.V.	Amsterdam, Netherlands	100.00	EUR	0
Bulldog Company Limited	St. Peter Port, Guernsey	100.00	USD	65
Butterley Aglite	Maidenhead, United Kingdom	100.00	GBP	0
Butterley Brick Investments (No 2) Limited	Maidenhead, United Kingdom	76.00	GBP	26
Butterley Brick Limited	Maidenhead, United Kingdom	100.00	GBP	0
C.B.R. Finance S.A.	Luxembourg, Luxembourg	100.00	EUR	4
Calumite Limited	Maidenhead, United Kingdom	51.00	GBP	2
Cantera El Hoyon, S.A.	Madrid, Spain	100.00	EUR	5
Canteras Mecánicas Cárcaba, S.A.	Oviedo, Spain	100.00	EUR	12
Carrieres d'Antoing S.A.	Tournai, Belgium	100.00	EUR	13
Carrieres Lemay S.A.	Tournai, Belgium	100.00	EUR	12
Castle Building Products Limited	Maidenhead, United Kingdom	100.00	GBP	0
Castle Cement (Chatburn) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Castle Cement (Clyde) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Castle Cement (Ketton) Limited	Maidenhead, United Kingdom	100.00	GBP	23
Castle Cement (Padeswood) Limited	Maidenhead, United Kingdom	100.00	GBP	6
Castle Cement (Pitstone) Limited	Maidenhead, United Kingdom	100.00	GBP	10
Castle Cement (Ribblesdale) Limited	Maidenhead, United Kingdom	100.00	GBP	21
Castle Cement Limited	Maidenhead, United Kingdom	100.00	GBP	91
Castle Lime Limited	Maidenhead, United Kingdom	100.00	GBP	0
CaucasusCement Holding B.V.	's-Hertogenbosch, Netherlands	75.00	EUR	95
CBR Asset Management Belgium S.A.	Bruxelles, Belgium	100.00	EUR	9
CBR Baltic B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	0
CBR International Services S.A.	Bruxelles, Belgium	100.00	EUR	1,246
CBR Portland B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	74
Cem Invest Ltd 1)	Irish Town, Gibraltar	46.97	USD	3
Cementa AB	Stockholm, Sweden	100.00	SEK	417
Cementa Fastighets AB	Stockholm, Sweden	100.00	SEK	0
Cementrum I B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	5
Cementrum II B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	1
CGF Capital B.V.	Amsterdam, Netherlands	100.00	EUR	0
CHB Exeter Limited	Maidenhead, United Kingdom	100.00	GBP	6
CHB Group Limited	Maidenhead, United Kingdom	100.00	GBP	415
CHB P H R Limited	Maidenhead, United Kingdom	100.00	GBP	-34
CHB Products Limited	Maidenhead, United Kingdom	100.00	GBP	2,000
Chemical Manufacture and Refining Limited	Maidenhead, United Kingdom	100.00	GBP	5

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Chester Road Sand and Gravel Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
City of London Heliport Limited	Maidenhead, United Kingdom	55.56	GBP	-2
Civil and Marine (Holdings) Limited	Maidenhead, United Kingdom	100.00	GBP	16
Civil and Marine Limited	Maidenhead, United Kingdom	100.00	GBP	262
Civil and Marine Slag Cement Limited	Maidenhead, United Kingdom	100.00	GBP	161
Claughton Manor Brick Limited (The)	Maidenhead, United Kingdom	100.00	GBP	0
Clyde Cement Limited	Maidenhead, United Kingdom	100.00	GBP	0
Coln Gravel Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
Conbloc Limited	Maidenhead, United Kingdom	100.00	GBP	0
Cradley Special Brick Company Limited	Maidenhead, United Kingdom	100.00	GBP	2
Creamix N.V.	Bruxelles, Belgium	99.32	EUR	0
Creative Land Developers Limited [1)]	Maidenhead, United Kingdom	50.00	GBP	0
Crispway Limited	Maidenhead, United Kingdom	100.00	GBP	0
Cromhall Quarries, Limited	Maidenhead, United Kingdom	100.00	GBP	0
Cumbrian Industrials Limited	Maidenhead, United Kingdom	100.00	GBP	20
D. & H. Sand Supplies Limited	Maidenhead, United Kingdom	100.00	GBP	0
Delmorgal Limited	Maidenhead, United Kingdom	100.00	GBP	0
Desimpel Brick Limited	Maidenhead, United Kingdom	100.00	GBP	3
Devon Concrete Works, Limited	Maidenhead, United Kingdom	100.00	GBP	0
DK Beton A/S	Ringsted, Denmark	100.00	DKK	76
DK Cement A/S	Copenhagen, Denmark	100.00	DKK	36
DUPAMIJ Holding GmbH	Kalkar, Germany	100.00	EUR	2
E & S Retail Limited	Maidenhead, United Kingdom	100.00	GBP	0
E Sub Limited	Maidenhead, United Kingdom	100.00	GBP	6
Effectengage Limited	Maidenhead, United Kingdom	100.00	GBP	264
ENCI B.V.	Maastricht, Netherlands	100.00	EUR	147
ENCI Holding N.V.	's-Hertogenbosch, Netherlands	100.00	EUR	419
Ensign Park Limited [1)]	Maidenhead, United Kingdom	50.00	GBP	-2
Exploitatiemaatschappij Australiëhaven B.V.	Amsterdam, Netherlands	100.00	EUR	0
F.C. Precast Concrete Limited	Maidenhead, United Kingdom	100.00	GBP	0
Fastighets AB Limhamns Kalkbrott	Stockholm, Sweden	100.00	SEK	23
Ferrersand Aggregates Limited	Maidenhead, United Kingdom	100.00	GBP	1
Formpave Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	3
Formpave Limited	Maidenhead, United Kingdom	100.00	GBP	5
Frederick Harker (Sack Hire) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Freshhove Limited	Maidenhead, United Kingdom	100.00	GBP	1
Fruitbat Company	Maidenhead, United Kingdom	100.00	AUD	1,321
Fulber Limited	St. Peter Port, Guernsey	100.00	GBP	216
Garkalnes Grants SIA	Riga, Latvia	100.00	LVL	2
Granor S.A.	Loos, France	100.00	EUR	1
Greenways Environmental and Waste Management Limited	Maidenhead, United Kingdom	100.00	GBP	0
Greenwoods (St. Ives) Limited	Maidenhead, United Kingdom	100.00	GBP	2
Guidelink	Maidenhead, United Kingdom	99.99	USD	0
Habfield Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson (BHHL) Limited	Maidenhead, United Kingdom	100.00	GBP	369
Hanson (BHL) Limited	Maidenhead, United Kingdom	100.00	GBP	278
Hanson (CGF) (No.1) Limited	Maidenhead, United Kingdom	100.00	GBP	2,835
Hanson (CGF) (No2) Limited	Maidenhead, United Kingdom	100.00	GBP	3,994
Hanson (CGF) Finance Limited	Maidenhead, United Kingdom	100.00	GBP	859
Hanson (CGF) Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	161
Hanson (ER-No 10) Limited	Maidenhead, United Kingdom	100.00	GBP	254
Hanson (ER-No 12) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson (ER-No 14) Limited	Maidenhead, United Kingdom	100.00	GBP	1
Hanson (ER-No 5) Limited	Maidenhead, United Kingdom	100.00	GBP	45
Hanson (ER-No 8) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson (ER-No 9) Limited	Maidenhead, United Kingdom	100.00	GBP	3
Hanson (FP) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson (MR) Limited	Maidenhead, United Kingdom	99.99	GBP	2,195
Hanson (NAIL) Limited	Maidenhead, United Kingdom	100.00	GBP	5
Hanson Aggregates (North) Limited	Maidenhead, United Kingdom	100.00	GBP	40
Hanson Aggregates Belgium N.V.	Zebrugge, Belgium	100.00	EUR	9
Hanson Aggregates Holding Nederland B.V.	Amsterdam, Netherlands	100.00	EUR	4
Hanson Aggregates Limited	Maidenhead, United Kingdom	100.00	GBP	82

Company name	Corporate seat	Group owner-ship %	Cur-rency	Equity in million
Hanson Aggregates Marine Limited	Maidenhead, United Kingdom	100.00	GBP	96
Hanson Aggregates Nederland B.V.	Amsterdam, Netherlands	100.00	EUR	0
Hanson Aggregates South Wales Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	7
Hanson Aggregates South Wales Limited	Maidenhead, United Kingdom	100.00	GBP	39
Hanson Aggregates UK Limited	Maidenhead, United Kingdom	100.00	GBP	2,000
Hanson Amalgamated Industries Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson America Holdings (1) Limited	Maidenhead, United Kingdom	100.00	GBP	1,902
Hanson America Holdings (2) Limited	Maidenhead, United Kingdom	100.00	GBP	476
Hanson America Holdings (3) Limited	Maidenhead, United Kingdom	100.00	GBP	471
Hanson America Holdings (4) Limited	Maidenhead, United Kingdom	100.00	GBP	41
Hanson Aruba Limited	St. Peter Port, Guernsey	99.99	USD	1,473
Hanson Bath and Portland Stone Limited	Maidenhead, United Kingdom	100.00	GBP	-2
Hanson Batteries Limited	Maidenhead, United Kingdom	100.00	GBP	46
Hanson Blocks North Limited	Maidenhead, United Kingdom	100.00	GBP	13
Hanson Brick Ltd	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Building Materials Europe Limited	Maidenhead, United Kingdom	100.00	GBP	2,172
Hanson Building Materials Limited	Maidenhead, United Kingdom	100.00	GBP	3,219
Hanson Building Products (2003) Limited	Maidenhead, United Kingdom	100.00	GBP	1,515
Hanson Building Products Limited	Maidenhead, United Kingdom	100.00	GBP	-53
Hanson Canada Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Clay Products Limited	Maidenhead, United Kingdom	100.00	GBP	15
Hanson Concrete Products Limited	Maidenhead, United Kingdom	100.00	GBP	52
Hanson Crewing Services Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Devon Limited	Shannon, Ireland	100.00	USD	5,009
Hanson Devon Limited (Luxembourg Branch)	Luxembourg, Luxembourg	100.00	USD	6
Hanson Facing Bricks Limited	Maidenhead, United Kingdom	100.00	GBP	248
Hanson Finance (2003) Limited	Maidenhead, United Kingdom	100.00	GBP	502
Hanson Finance (UK) Limited	Maidenhead, United Kingdom	100.00	GBP	85
Hanson Finance Limited	Maidenhead, United Kingdom	100.00	GBP	852
Hanson Financial Services Limited	Maidenhead, United Kingdom	100.00	GBP	264
Hanson Fletton Bricks Limited	Maidenhead, United Kingdom	100.00	GBP	32
Hanson Foods Limited	Maidenhead, United Kingdom	100.00	GBP	180
Hanson FP Holdings B.V.	Amsterdam, Netherlands	100.00	USD	444
Hanson Funding (G) Limited	Maidenhead, United Kingdom	100.00	GBP	174
Hanson Germany GmbH & Co. KG*)	Leinatal, Germany	100.00	EUR	-3
Hanson Gerrard Limited	St. Peter Port, Guernsey	100.00	GBP	0
Hanson H4 Limited	Maidenhead, United Kingdom	100.00	GBP	1,549
Hanson H5	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Hedging (Dollars) (1) Limited	Maidenhead, United Kingdom	100.00	GBP	194
Hanson Hedging (Dollars) (2) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Hispania, S.A.	Madrid, Spain	100.00	EUR	99
Hanson Holdings (1) Limited	Maidenhead, United Kingdom	100.00	GBP	37,637
Hanson Holdings (2) Limited	Maidenhead, United Kingdom	100.00	GBP	736
Hanson Holdings (3) Limited	Maidenhead, United Kingdom	100.00	GBP	829
Hanson Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	2,060
Hanson Iceland EHF	Reykjavik, Iceland	100.00	GBP	2,000
Hanson Industrial (Engineering Holdings) Limited	Maidenhead, United Kingdom	100.00	GBP	5
Hanson Industrial Limited	Maidenhead, United Kingdom	100.00	GBP	143
Hanson International Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	10,997
Hanson Island Management Limited	St. Peter Port, Guernsey	100.00	GBP	0
Hanson Land Development Limited	Maidenhead, United Kingdom	100.00	GBP	-30
Hanson LHA Limited	Maidenhead, United Kingdom	100.00	GBP	25
Hanson Limited	Maidenhead, United Kingdom	100.00	GBP	5,637
Hanson Marine Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	7
Hanson Marine Limited	Maidenhead, United Kingdom	100.00	GBP	49
Hanson Overseas Corporation Limited	Maidenhead, United Kingdom	100.00	GBP	1,896
Hanson Overseas Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	17,570
Hanson Pacific Limited	Maidenhead, United Kingdom	100.00	GBP	1
Hanson Peabody Limited	Maidenhead, United Kingdom	100.00	GBP	1,003
Hanson Pioneer España, S.L.	Madrid, Spain	100.00	EUR	83
Hanson Quarry Products Europe Limited	Maidenhead, United Kingdom	100.00	GBP	39,655
Hanson Quarry Products Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	42
Hanson Quarry Products Overseas Limited	Maidenhead, United Kingdom	100.00	GBP	2

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Hanson Quarry Products Trade Finance Limited	Maidenhead, United Kingdom	100.00	GBP	22
Hanson Quarry Products Transport Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Quarry Products Ventures Limited	Maidenhead, United Kingdom	100.00	GBP	43
Hanson RBS Trustees Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Recycling Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson Retail Limited	Maidenhead, United Kingdom	100.00	GBP	99
Hanson Ship Management Ltd	St. Peter Port, Guernsey	100.00	GBP	0
Hanson Thermalite Limited	Maidenhead, United Kingdom	100.00	GBP	42
Hanson TIS Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hanson TIS Limited	Maidenhead, United Kingdom	100.00	GBP	-2
Hanson Tobacco Limited	Maidenhead, United Kingdom	100.00	GBP	2,127
Hanson Trust Limited	Maidenhead, United Kingdom	100.00	GBP	97
Hanson Trustees Limited	Maidenhead, United Kingdom	100.00	GBP	12
Hanson Warwickshire Limited	Maidenhead, United Kingdom	100.00	GBP	738
Hanson Wiltshire Limited	Maidenhead, United Kingdom	100.00	GBP	2,100
Harrisons Limeworks Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hartsholme Property Limited	Maidenhead, United Kingdom	100.00	GBP	0
HB Hotels Limited	Maidenhead, United Kingdom	100.00	GBP	-1
HB Pacific Limited	Maidenhead, United Kingdom	100.00	GBP	3
HC Asia Holding GmbH	Heidelberg, Germany	100.00	EUR	7
HC Betons SIA	Riga, Latvia	100.00	LVL	1
HC Betoon AS, Estonia	Tallinn, Estonia	100.00	EEK	5
HC Central Asia B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	83
HC Fuels Limited	London, United Kingdom	100.00	GBP	6
HC Hanson Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	327
HC Italia SRL	Rome, Italy	100.00	EUR	2
HC Materialen B.V.	Nieuwegein, Netherlands	100.00	EUR	3
HC Trading B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	41
HC Trading Malta Limited	St. Julian's, Malta	100.00	USD	0
HCT Holding Malta Limited	St. Julian's, Malta	100.00	USD	95
HeidelbergCement Baustoffe für Geotechnik GmbH & Co. KG*)	Ennigerloh, Germany	100.00	EUR	4
Heidelbergcement Canada Holding Limited	Maidenhead, United Kingdom	100.00	CAD	4,376
HeidelbergCement Central Europe East Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	979
HeidelbergCement Danmark A/S	Ringsted, Denmark	100.00	DKK	375
HeidelbergCement Finance B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	1
HeidelbergCement Grundstücksgesellschaft mbH & Co. KG*)	Heidelberg, Germany	100.00	EUR	18
HeidelbergCement Grundstücksgesellschaft Wetzlar mbH & Co. KG*)	Heidelberg, Germany	100.00	EUR	2
HeidelbergCement Holding Coöperatief U.A.	's-Hertogenbosch, Netherlands	100.00	EUR	1,125
HeidelbergCement Holding S.à r.l.	Luxembourg, Luxembourg	100.00	EUR	13,427
HeidelbergCement Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	2
HeidelbergCement International Holding GmbH	Heidelberg, Germany	100.00	EUR	6,807
HeidelbergCement Mediterranean Basin Holdings S.L.	Madrid, Spain	100.00	EUR	301
HeidelbergCement Miljö AB	Stockholm, Sweden	100.00	SEK	28
HeidelbergCement Netherlands Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	694
HeidelbergCement Northern Europe AB	Stockholm, Sweden	100.00	SEK	5,160
HeidelbergCement Northern Europe Pumps & Trucks A/S	Ringsted, Denmark	100.00	EUR	0
HeidelbergCement Norway a.s.	Oslo, Norway	100.00	NOK	1,469
HeidelbergCement Shared Service Centre AB	Stockholm, Sweden	100.00	SEK	374
HeidelbergCement Sweden AB	Stockholm, Sweden	100.00	SEK	7,022
HeidelbergCement UK Holding II Limited	Maidenhead, United Kingdom	100.00	USD	12,810
HeidelbergCement UK Holding Limited	Maidenhead, United Kingdom	100.00	EUR	5,067
HeidelbergCement UK Limited	Maidenhead, United Kingdom	100.00	GBP	79
Heidelberger Beton Donau-Naab GmbH & Co. KG*)	Burglengenfeld, Germany	85.00	EUR	2
Heidelberger Beton GmbH	Heidelberg, Germany	100.00	EUR	25
Heidelberger Betonelemente GmbH & Co. KG*)	Chemnitz, Germany	83.00	EUR	5
Heidelberger Betonpumpen Rhein-Main-Nahe GmbH & Co. KG*)	Frankfurt/Main, Germany	93.77	EUR	0
Heidelberger Kalksandstein GmbH	Durmersheim, Germany	100.00	EUR	15
Heidelberger Kalksandstein Grundstücks- und Beteiligungs- GmbH & Co. KG*)	Durmersheim, Germany	100.00	EUR	22
Heidelberger Kieswerke Niederrhein GmbH	Essen, Germany	100.00	EUR	1
Heidelberger Kieswerke Rhein-Ruhr GmbH	Essen, Germany	100.00	EUR	3
Heidelberger KS Beteiligungen Deutschland GmbH & Co. KG*)	Heidelberg, Germany	100.00	EUR	5
Heidelberger Sand und Kies GmbH	Heidelberg, Germany	100.00	EUR	74
Heidelberger Weserkies GmbH & Co. KG*)	Bremen, Germany	100.00	EUR	0

Company name	Corporate seat	Group owner-ship %	Cur-rency	Equity in million
HIPS (Trustees) Limited	Bedford, United Kingdom	100.00	GBP	0
HK Holdings (No 2) Limited	Maidenhead, United Kingdom	100.00	GBP	64
HK Holdings (No.1) Limited	Maidenhead, United Kingdom	100.00	GBP	28
HKS Hunziker Kalksandstein AG	Aargau, Switzerland	66.66	CHF	10
Holms Sand & Gravel Company (1985) (The)	Maidenhead, United Kingdom	100.00	GBP	0
Holms Sand & Gravel Company Limited (The)	Maidenhead, United Kingdom	100.00	GBP	0
Homes (East Anglia) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Hormigones y Aridos, S.A.	Bilbao, Spain	100.00	EUR	7
Housemotor Limited	Maidenhead, United Kingdom	100.00	GBP	1,544
Houseprice Limited	Maidenhead, United Kingdom	100.00	GBP	586
Houserate Limited	Maidenhead, United Kingdom	100.00	GBP	1,071
HPL Albany House Developments Limited [1)]	Maidenhead, United Kingdom	50.00	GBP	-1
HPL Estates Limited	Maidenhead, United Kingdom	100.00	GBP	4
HPL Investments Limited	Maidenhead, United Kingdom	100.00	GBP	403
HPL Properties Limited	Maidenhead, United Kingdom	100.00	GBP	40
HPL Property Limited	Maidenhead, United Kingdom	100.00	GBP	39
HPL West London Developments Limited [1)]	Maidenhead, United Kingdom	50.00	GBP	0
Hurst and Sandler Limited	Maidenhead, United Kingdom	100.00	GBP	5
Imperial Group Limited	Maidenhead, United Kingdom	100.00	GBP	16
Imperial Potted Shrimps Limited	Maidenhead, United Kingdom	100.00	GBP	0
Imperial Seafoods (Gulf) Limited	Maidenhead, United Kingdom	100.00	GBP	2
Imperial Seafoods Limited	Maidenhead, United Kingdom	100.00	GBP	0
Inter-Beton SA	Bruxelles, Belgium	99.82	EUR	13
International Trading and Finance (ITF) B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	10
Irvine - Whitlock Limited	Maidenhead, United Kingdom	100.00	GBP	16
J A Crabtree & Co Limited	Maidenhead, United Kingdom	100.00	GBP	0
J. Riera, S.A.	Barcelona, Spain	100.00	EUR	2
James Grant & Company (West) Limited	Edinburgh, United Kingdom	100.00	GBP	2
Joseph Wones (Holdings) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Judkins Limited	Maidenhead, United Kingdom	100.00	GBP	0
K.M. Property Development Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
KalininCement Holding B.V.	's-Hertogenbosch, Netherlands	74.90	EUR	1
Kalko B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	0
Kerpen & Kerpen GmbH & Co. KG [*) 1)]	Ochtendung, Germany	30.00	EUR	0
Ketton Cement Limited	Maidenhead, United Kingdom	100.00	GBP	0
Kieswerk Maas-Roeloffs GmbH & Co KG	Kalkar, Germany	100.00	EUR	1
Kieswerk Maas-Roeloffs Verwaltungsgesellschaft mbH	Kalkar, Germany	100.00	EUR	0
Kieswerke Andresen GmbH	Damsdorf, Germany	100.00	EUR	1
Kingston Minerals Limited	Maidenhead, United Kingdom	100.00	GBP	0
Kivel Properties Limited	Maidenhead, United Kingdom	100.00	GBP	0
Kommanditbolaget Cementen	Stockholm, Sweden	100.00	SEK	205
Kunda Nordic Cement Corp.	Kunda, Estonia	75.00	EEK	2,040
L.B. (Stewartby) Limited	Maidenhead, United Kingdom	100.00	GBP	50
Leamaat Omikron B.V.	Amsterdam, Netherlands	100.00	EUR	12
Leca (Great Britain) Limited	Maidenhead, United Kingdom	100.00	GBP	1
Lehigh B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	5,966
Lehigh UK Limited	Maidenhead, United Kingdom	100.00	GBP	11,781
Lindum Information Systems Limited	Maidenhead, United Kingdom	100.00	GBP	0
Lindustries Limited	Edinburgh, United Kingdom	100.00	GBP	45
Llan Concrete Products Limited	Maidenhead, United Kingdom	100.00	GBP	1
Localdouble Limited	Maidenhead, United Kingdom	100.00	GBP	644
London Brick Company Limited	Maidenhead, United Kingdom	100.00	GBP	22
London Brick Engineering Limited	Maidenhead, United Kingdom	100.00	GBP	2
M E Sub Limited	Maidenhead, United Kingdom	100.00	GBP	18
Maatschappij tot Exploitatie van Betoncentrale De Zilvermeeuw MATOZ v.o.f. [1)]	Rotterdam, Netherlands	50.00	EUR	0
Magnatool AB	Malmö, Sweden	75.00	SEK	0
Malmö-Limhamns Järnvägsaktiebolag	Stockholm, Sweden	100.00	SEK	1
Mantle & Llay Limited	Maidenhead, United Kingdom	100.00	GBP	0
Marnee Limited	Maidenhead, United Kingdom	100.00	GBP	54
Marples Ridgway Limited	Maidenhead, United Kingdom	100.00	GBP	-4
Marples Ridgway Overseas Limited	Maidenhead, United Kingdom	100.00	GBP	0
Mebin B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	44
Mebin Leeuwarden B.V.	Leeuwarden, Netherlands	79.79	EUR	1

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Meppeler Betoncentrale B.V.	Drenthe, Netherlands	66.67	EUR	0
Milton Hall (Southend) Brick Company Limited (The)	Maidenhead, United Kingdom	100.00	GBP	1
Minerals Resource Management Limited	Maidenhead, United Kingdom	100.00	GBP	0
Minster Quarries Limited	Maidenhead, United Kingdom	100.00	GBP	-1
Mixconcrete Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	4
Mixconcrete Limited	Maidenhead, United Kingdom	100.00	GBP	-2
Mold Tar Macadam Co.Limited	Maidenhead, United Kingdom	100.00	GBP	0
Morebeat Limited	Maidenhead, United Kingdom	100.00	GBP	123
Motioneager Limited	Maidenhead, United Kingdom	100.00	GBP	213
National Brick Company Limited	Maidenhead, United Kingdom	100.00	GBP	2
National Star Brick and Tile Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	2
National Star Limited	Maidenhead, United Kingdom	100.00	GBP	0
Norbetong AS	Oslo, Norway	100.00	NOK	479
Norcem á Islandi ehf	Reykjavik, Iceland	100.00	NOK	1
Norcem AS	Oslo, Norway	100.00	NOK	375
Nord-fosen Pukkverk AS	Steinsdalen, Norway	60.00	NOK	21
Norstone AS	Oslo, Norway	100.00	NOK	133
Oswald Tillotson Limited	Maidenhead, United Kingdom	100.00	GBP	1
P. & B. J. Dallimore Limited	Maidenhead, United Kingdom	100.00	GBP	0
Paderborner Transport-Beton-Gesellschaft mit beschränkter Haftung & Co. K.-G.*)	Paderborn, Germany	87.50	EUR	1
Padyear Limited [1]	Maidenhead, United Kingdom	50.00	GBP	0
Palatina Insurance Ltd.	Sliema, Malta	100.00	EUR	46
Paperbefore Limited	Maidenhead, United Kingdom	100.00	GBP	269
Pencrete Limited	Maidenhead, United Kingdom	100.00	GBP	0
Penfolds Builders Merchants Limited	Maidenhead, United Kingdom	100.00	GBP	0
Perstrup Beton Industri A/S	Kolind, Denmark	100.00	DKK	70
Peter Pell Limited	Maidenhead, United Kingdom	100.00	GBP	1
Picon Overseas Limited	Guernsey, Guernsey	100.00	GBP	181
Piedras y Derivados, S.A.	Barcelona, Spain	100.00	EUR	22
PILC Limited	Guernsey, Guernsey	100.00	USD	23
Pinden Plant & Processing Co. Limited (The)	Maidenhead, United Kingdom	100.00	GBP	6
Pioneer Aggregates (UK) Limited	Maidenhead, United Kingdom	100.00	GBP	4
Pioneer Asphalts (U.K.) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Pioneer Concrete (U.K.) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Pioneer Concrete Development Limited	Maidenhead, United Kingdom	100.00	GBP	0
Pioneer Concrete Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	115
Pioneer International Finance (UK) Limited	Maidenhead, United Kingdom	100.00	GBP	8
Pioneer International Group Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	885
Pioneer International Investments Limited	Maidenhead, United Kingdom	100.00	GBP	0
Pioneer Overseas Investments Limited	Guernsey, Guernsey	100.00	USD	144
Pioneer Willment Concrete Limited	Maidenhead, United Kingdom	100.00	GBP	0
Pluswelcome Limited	Maidenhead, United Kingdom	100.00	GBP	225
Porfidos de Guadarrama, S.A.	Madrid, Spain	100.00	EUR	-17
Premix Concrete Limited	Maidenhead, United Kingdom	100.00	GBP	0
Protenna AB	Stockholm, Sweden	75.00	SEK	249
Queens Buildings (Manchester), Limited	Maidenhead, United Kingdom	100.00	GBP	0
Recem S.A.	Luxembourg, Luxembourg	100.00	EUR	3
Red Bank Manufacturing Company Limited	Maidenhead, United Kingdom	100.00	GBP	12
Redshow Limited	Maidenhead, United Kingdom	100.00	GBP	107
Renor AS	Aurskog, Norway	100.00	NOK	36
Rezincote (1995) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Ribblesdale Cement Limited	Maidenhead, United Kingdom	100.00	GBP	2
Roads Reconstruction Limited	Maidenhead, United Kingdom	100.00	GBP	9
Roewekamp GmbH & Co Kommanditgesellschaft*)	Gelsenkirchen, Germany	100.00	EUR	1
S Sub Limited	Maidenhead, United Kingdom	100.00	GBP	0
S.A. CBR Asset Management	Luxembourg, Luxembourg	100.00	EUR	0
S.A. Cimenteries CBR	Bruxelles, Belgium	100.00	EUR	682
Sabine Limited	St. Peter Port, Guernsey	100.00	GBP	216
Sagrex B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	-1
Sagrex Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	18
Sagrex Productie B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	4
SAGREX S.A.	Bruxelles, Belgium	100.00	EUR	29
Sailtown Limited	Maidenhead, United Kingdom	100.00	EUR	276

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Saint Hubert Investments S.à r.l.	Luxembourg, Luxembourg	100.00	USD	488
Samuel Wilkinson & Sons Limited	Maidenhead, United Kingdom	100.00	GBP	0
Sand- & Grusaktiebolag Jehander	Stockholm, Sweden	100.00	SEK	118
Sand Supplies (Western) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Sandwerke Biesern GmbH	Penig, Germany	100.00	EUR	10
Saunders (Ipswich) Limited	Maidenhead, United Kingdom	100.00	GBP	0
Scancem Central Africa Holding 1 AB	Stockholm, Sweden	100.00	SEK	749
Scancem Central Africa Holding 2 AB	Stockholm, Sweden	100.00	SEK	1
Scancem Central Africa Holding 3 AB	Stockholm, Sweden	100.00	SEK	3
Scancem Central Africa Holding 4 AB	Stockholm, Sweden	100.00	SEK	1
Scancem East OY AB	Helsinki, Finland	100.00	EUR	8
Scancem Energy and Recovery Limited	Maidenhead, United Kingdom	100.00	GBP	18
Scancem International a.s	Oslo, Norway	100.00	NOK	1,140
Scancem International DA	Oslo, Norway	93.94	NOK	1,069
Scancem International Limited	Maidenhead, United Kingdom	100.00	GBP	18
Scancem Recovery Limited	Maidenhead, United Kingdom	100.00	GBP	17
Scancem Supply Limited	Maidenhead, United Kingdom	100.00	GBP	-2
Seagoe Concrete Products Limited	Maidenhead, United Kingdom	100.00	GBP	0
Second City Properties Limited	Maidenhead, United Kingdom	100.00	GBP	12
Shanon Limited Partnership	Edinburgh, United Kingdom	99.99	USD	2
Shapedirect Limited	Maidenhead, United Kingdom	100.00	GBP	5,829
Signgrid Limited	Maidenhead, United Kingdom	100.00	GBP	38
SILO PLUS Internationale Speditions GmbH	München, Germany	100.00	EUR	1
SJP 1 Limited	Maidenhead, United Kingdom	100.00	GBP	0
SJP 2 Limited	Maidenhead, United Kingdom	100.00	GBP	2
Slotcount Limited	Maidenhead, United Kingdom	100.00	GBP	1,053
Small Lots (Mix-It) Limited	Maidenhead, United Kingdom	100.00	GBP	11
Solrec Limited	Maidenhead, United Kingdom	100.00	GBP	9
Solvent Resource Management Limited	Maidenhead, United Kingdom	100.00	GBP	15
Speedypaper Limited	Maidenhead, United Kingdom	100.00	GBP	8
SQ Corporation Limited	Maidenhead, United Kingdom	100.00	GBP	2,426
SQ Finance No 1 Limited	Maidenhead, United Kingdom	100.00	GBP	2,426
SQ Finance No 2 Limited	Maidenhead, United Kingdom	100.00	GBP	2,501
St Edouard S.a.r.l.	Luxembourg, Luxembourg	99.99	USD	3,288
St Jude S.a.r.l.	Luxembourg, Luxembourg	100.00	GBP	2,000
ST LUKE S.a.r.l.	Luxembourg, Luxembourg	100.00	EUR	14
St Marius S.a.r.l.	Luxembourg, Luxembourg	100.00	EUR	146
St Nicolas S.a.r.l.	Luxembourg, Luxembourg	100.00	EUR	156
St Pierre S.a.r.l.	Luxembourg, Luxembourg	99.99	USD	1
St Yvette S.a.r.l.	Luxembourg, Luxembourg	100.00	USD	0
Stahlsaiten Betonwerke GmbH	Ennigerloh, Germany	74.00	EUR	0
Stephen Toulson & Sons Limited	Maidenhead, United Kingdom	100.00	GBP	0
Stewartby Housing Association, Limited	Maidenhead, United Kingdom	100.00	GBP	0
Structherm Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	1
Structherm Limited	Maidenhead, United Kingdom	100.00	GBP	2
Supamix Limited	Maidenhead, United Kingdom	100.00	GBP	6
Svenska Cementföreningen UPA	Stockholm, Sweden	100.00	SEK	0
TBG Transportbeton Kurpfalz GmbH & Co. KG*)	Eppelheim, Germany	51.11	EUR	4
TBH Transportbeton Hamburg GmbH & Co. KG*)	Hamburg, Germany	85.00	EUR	0
The Purfleet Ship to Shore Conveyor Company Limited	Maidenhead, United Kingdom	100.00	GBP	0
Thistleton Quarries Limited	Maidenhead, United Kingdom	100.00	GBP	-1
Tillotson Commercial Motors Limited	Maidenhead, United Kingdom	100.00	GBP	-19
Tillotson Commercial Vehicles Limited	Maidenhead, United Kingdom	100.00	GBP	0
Tilmanstone Brick Limited	Maidenhead, United Kingdom	100.00	GBP	7
Timesound	Maidenhead, United Kingdom	100.00	EUR	1
TLQ Limited	Edinburgh, United Kingdom	100.00	GBP	0
TMC Pioneer Aggregates Limited	Maidenhead, United Kingdom	100.00	GBP	0
Transformers (Watford) Limited	Maidenhead, United Kingdom	100.00	GBP	1
Trawlers Grimsby Limited	Maidenhead, United Kingdom	100.00	GBP	0
Tunnel Cement Limited	Maidenhead, United Kingdom	100.00	GBP	0
U.D.S. Holdings B.V.	Amsterdam, Netherlands	100.00	EUR	613
UAB Gerdukas	Vilnius, Lithuania	70.00	LTL	5
UAB Heidelberg Cement Klaipeda	Klaipeda, Lithuania	100.00	EUR	0

Company name	Corporate seat	Group ownership %	Currency	Equity in million
UDS (Head Office) Limited	Maidenhead, United Kingdom	100.00	GBP	-8
UDS (No 10)	Maidenhead, United Kingdom	100.00	GBP	0
UDS (No 3) Limited	Maidenhead, United Kingdom	100.00	GBP	6
UDS Corporation Limited	Maidenhead, United Kingdom	100.00	GBP	365
UDS Finance Limited	Maidenhead, United Kingdom	100.00	GBP	41
UDS Group Limited	Maidenhead, United Kingdom	100.00	GBP	110
UDS Holdings (1) Limited	Maidenhead, United Kingdom	100.00	GBP	187
UGI Group Limited	Maidenhead, United Kingdom	100.00	GBP	90
UGI Meters Limited	Maidenhead, United Kingdom	100.00	GBP	1
UGI Smith Meters Limited	Maidenhead, United Kingdom	100.00	GBP	5
United Gas Industries Limited	Maidenhead, United Kingdom	100.00	GBP	12
UralCement Holding B.V.	's-Hertogenbosch, Netherlands	51.00	EUR	-1
V.E.A. Limited	Guernsey, Guernsey	100.00	GBP	158
V.O.F. 'Bouwdok Barendrecht'	Barendrecht, Netherlands	60.01	EUR	0
Verwaard Handelsonderneming B.V.	Brielle, Netherlands	100.00	EUR	0
Viewgrove Investments Limited	Maidenhead, United Kingdom	100.00	GBP	6,391
Visionfocus Limited	Maidenhead, United Kingdom	100.00	GBP	360
Visionrefine Limited	Maidenhead, United Kingdom	100.00	GBP	0
Walhalla Kalk GmbH & Co. KG*)	Regensburg, Germany	79.91	EUR	8
Welbecson Group Limited	Maidenhead, United Kingdom	100.00	GBP	0
West of England Sack Holdings Limited	Maidenhead, United Kingdom	100.00	GBP	2
WIKA Stade GmbH u. Co. KG*)	Stade, Germany	100.00	EUR	4
Wiles Securities Limited	Maidenhead, United Kingdom	100.00	GBP	169
Wineholm Limited	Maidenhead, United Kingdom	100.00	GBP	-2
Subsidiaries				
Eastern Europe-Central Asia				
BayKaz Beton LLP	Almaty, Kazakhstan	99.00	KZT	-1,234
BEKTAS Group LLP	Almaty, Kazakhstan	99.00	KZT	-108
Betonpumpy a doprava SK a.s.	Bratislava, Slovakia	100.00	EUR	0
BETOTECH, s.r.o.	Beroun, Czech Republic	91.50	CZK	21
Bialostockie Kopalnie Surowców Mineralnych sp. z o.o.	Bialystok, Poland	99.99	PLN	10
BT Poznan Sp. z.o.o.	Poznan, Poland	74.99	PLN	4
BT Topbeton Sp. z.o.o. [1]	Zielona Góra, Poland	50.00	PLN	26
Calumite s.r.o.	Ostrava, Czech Republic	51.00	CZK	110
Carpat Agregate S.A.	Bucharest, Romania	98.51	RON	32
Carpat Beton S.R.L.	Bucharest, Romania	99.03	RON	92
Carpat Beton Servicii Pompe SRL	Bucharest, Romania	99.03	RON	7
Carpat Cemtrans S.R.L.	Bucharest, Romania	99.03	RON	12
Carpatcement Holding S.A.	Bucharest, Romania	99.03	RON	1,026
CaspiCement Limited Liability Partnership	Shetpe, Kazakhstan	100.00	KZT	6,736
CaspiNerud Limited Liability Partnership	Aktau, Kazakhstan	75.10	KZT	2,455
Ceskomoravsky beton, a.s.	Beroun, Czech Republic	100.00	CZK	985
Ceskomoravsky cement, a.s., nástupnická spolecnost	Mokra, Czech Republic	100.00	CZK	5,272
Ceskomoravsky sterk, a.s.	Mokra, Czech Republic	100.00	CZK	1,752
Closed Joined Stock Company "Construction Materials"	Sterlitamak, Russian Federation	51.00	RUB	2,331
Ekocem Sp. z o.o.	Katowice, Poland	99.99	PLN	140
Górazdze Beton Sp. z o.o.	Opole, Poland	99.99	PLN	102
Górazdze Cement S. A.	Opole, Poland	99.99	PLN	793
Górazdze Kruszywa sp. z.o.o.	Opole, Poland	99.99	PLN	106
Heidelberg Vostok-Cement LLP	Almaty, Kazakhstan	100.00	KZT	857
Joint Stock Company - Bukhtarminskaya Cement Company	Oktyabrskiy village, Kazakhstan	100.00	KZT	9,476
Kamenivo Slovakia a.s.	Bytca-Hrabove, Slovakia	100.00	EUR	2
Limited Liability Company "HeidelbergBeton Ukraine"	Kryvyi Rih, Ukraine	99.97	UAH	51
Limited Liability Company "KSL"	Busheve, Ukraine	100.00	UAH	53
Limited Liability Company "Rybalsky Quarry"	Dnepropetrovsk, Ukraine	100.00	UAH	17
LLC "HeidelbergGranit Ukraine"	Kryvyi Rih, Ukraine	99.79	UAH	32
LLC 'HeidelbergBeton Georgia'	Tbilisi, Georgia	100.00	GEL	3
LLC 'HeidelbergCement Rus'	Podolsk, Russian Federation	100.00	RUB	-21
LLC 'Kartuli Cementi'	Tbilisi, Georgia	70.00	GEL	-8
LLC 'SaqCementi'	Tbilisi, Georgia	75.00	GEL	28
LLC 'Terjola-Quarry'	Tbilisi, Georgia	100.00	GEL	2

Company name	Corporate seat	Group ownership %	Currency	Equity in million
OAO Cesla	Slantsy, Russian Federation	96.70	RUB	1,846
OAO Voronezhskoe Rudoupravlenije	Strelica, Russian Federation	79.60	RUB	116
OOO "Norcem Kola"	Murmansk, Russian Federation	100.00	RUB	6
OOO KaliningradCement	Kaliningrad, Russian Federation	74.90	RUB	39
Open Joint Stock Company Gurovo-Beton	Novogurovskiy, Russian Federation	100.00	RUB	19
Precon Polska Sp.z.o.o.	Warsaw, Poland	100.00	PLN	6
Public Joint Stock Company "HeidelbergCement Ukraine"	Kryvyi Rih, Ukraine	99.73	UAH	823
Recyfuel SRL	Bucharest, Romania	99.03	RON	1
TBG BAK s.r.o.	Trutnov, Czech Republic	70.04	CZK	64
TBG BETONMIX a. s.	Brno, Czech Republic	66.00	CZK	330
TBG BETONPUMPY MORAVA s.r.o.	Brno, Czech Republic	84.90	CZK	19
TBG Plzen Transportbeton s.r.o.	Beroun, Czech Republic	50.10	CZK	61
TBG SEVEROZAPADNI CECHY s.r.o.	Chomutov, Czech Republic	66.00	CZK	107
TBG Vysocina s.r.o.	Kozichovice, Czech Republic	59.40	CZK	52
TBG ZNOJMO s. r. o.	Dyje, Czech Republic	66.00	CZK	50
Tulacement - Limited Liability Company	Novogurovskiy, Russian Federation	100.00	RUB	29
ZAO Roscem	St. Petersburg, Russian Federation	100.00	RUB	16
Subsidiaries				
North America				
Allied Ready Mix Concrete Limited	Richmond, Canada	100.00	CAD	0
Amangani SA	Panama City, Panama	100.00	GBP	0
Amcord, Inc.	Dover, USA	100.00	USD	41
Anche Holdings Inc	Panama City, Panama	100.00	USD	2,111
Asian Carriers Inc.	Panama City, Panama	100.00	USD	44
Astravance Corp.	Panama City, Panama	100.00	GBP	44,027
Beazer East, Inc.	Dover, USA	100.00	USD	-2,357
Cadman (Black Diamond), Inc.	Olympia, USA	100.00	USD	11
Cadman (Rock), Inc.	Olympia, USA	100.00	USD	15
Cadman (Seattle), Inc.	Wilmington, USA	100.00	USD	51
Cadman, Inc.	Olympia, USA	100.00	USD	17
Calaveras Materials Inc.	Sacramento, USA	100.00	USD	116
Calaveras-Standard Materials, Inc.	Sacramento, USA	100.00	USD	40
Campbell Concrete & Materials LLC	Austin, USA	100.00	USD	65
Cascapedia Corporation	Panama City, Panama	100.00	GBP	0
Cavenham Forest Industries LLC	Wilmington, USA	100.00	USD	17
Civil and Marine Inc.	Wilmington, USA	100.00	USD	-63
Commercial Aggregates Transportation and Sales LLC	Wilmington, USA	100.00	USD	1
Constar LLC	Wilmington, USA	100.00	USD	278
Continental Florida Materials Inc.	Tallahassee, USA	100.00	USD	127
Cowichan Corporation	Panama City, Panama	100.00	GBP	1,997
Essex NA Holdings LLC	Wilmington, USA	100.00	USD	53
Ferndale Ready Mix & Gravel, Inc.	Olympia, USA	100.00	USD	22
HACM, Inc.	Wilmington, USA	100.00	USD	14
HAMW Minerals, Inc.	Wilmington, USA	100.00	USD	9
Hanson Aggregates LLC	Wilmington, USA	100.00	USD	1,027
Hanson Aggregates BMC, Inc.	Harrisburg, USA	100.00	USD	284
Hanson Aggregates Davon LLC	Columbus, USA	100.00	USD	138
Hanson Aggregates East LLC	Wilmington, USA	100.00	USD	82
Hanson Aggregates Mid-Pacific, Inc.	Wilmington, USA	100.00	USD	310
Hanson Aggregates Midwest LLC	Frankfort, USA	100.00	USD	210
Hanson Aggregates New York LLC	Albany, USA	100.00	USD	328
Hanson Aggregates Pacific Southwest, Inc.	Wilmington, USA	100.00	USD	397
Hanson Aggregates Pennsylvania LLC	Wilmington, USA	100.00	USD	217
Hanson Aggregates Southeast LLC	Wilmington, USA	100.00	USD	705
Hanson Aggregates WRP, Inc.	Wilmington, USA	100.00	USD	81
Hanson BC Limited	Hamilton, Bermuda	100.00	GBP	1,035
Hanson Brick East, LLC	Wilmington, USA	100.00	USD	234
Hanson Brick Ltd.	Burlington, Canada	100.00	CAD	-11
Hanson Building Materials America LLC	Wilmington, USA	100.00	USD	1,011
Hanson Canada Acquisition #1 Ltd.	Toronto, Canada	100.00	CAD	59
Hanson Canada Acquisition #2 Ltd.	Toronto, Canada	100.00	CAD	33

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Hanson Green Limited	Hamilton, Bermuda	100.00	GBP	0
Hanson Hardscape Products LLC	Wilmington, USA	100.00	USD	51
Hanson Holdings Esker, Inc.	Wilmington, USA	100.00	USD	259
Hanson Marine Finance, Inc.	Sacramento, USA	100.00	USD	1
Hanson Marine Operations, Inc.	Sacramento, USA	100.00	USD	9
Hanson Micronesia Cement, Inc.	Wilmington, USA	100.00	USD	5
Hanson Permanente Cement of Guam, Inc.	Sacramento, USA	100.00	USD	42
Hanson Permanente Cement, Inc.	Phoenix, USA	100.00	USD	324
Hanson Pipe & Precast LLC	Wilmington, USA	100.00	USD	618
Hanson Pipe & Precast Quebec Ltd.	Ontario, Canada	100.00	CAD	39
Hanson Pipe & Precast, Ltd.	Toronto, Canada	100.00	CAD	100
Hanson Pressure Pipe Inc.	Montreal, Canada	100.00	CAD	104
Hanson Pressure Pipe, Inc.	Columbus, USA	100.00	USD	68
Hanson Roof Tile, Inc.	Wilmington, USA	100.00	USD	82
Hanson Structural Precast, Inc.	Los Angeles, USA	100.00	USD	71
HBMA Holdings, LLC	Wilmington, USA	100.00	USD	4,200
HC Trading International Inc.	Nassau, Bahamas	100.00	USD	50
HNA Investments	Wilmington, USA	100.00	USD	2,052
Indocement (Cayman Island) Ltd.	George Town, Cayman Islands	51.00	IDR	1,108
Kaiser Gypsum Company, Inc.	Olympia, USA	100.00	USD	17
KH 1 Inc.	Dover, USA	100.00	USD	259
Lehigh Cement Company LLC	Wilmington, USA	100.00	USD	1,258
Lehigh Hanson Materials Limited	Alberta, Canada	100.00	CAD	1,170
Lehigh Hanson, Inc.	Wilmington, USA	100.00	USD	2,217
Lehigh Northwest Cement Company	Olympia, USA	100.00	USD	182
Lehigh Northwest Marine, LLC	Wilmington, USA	100.00	USD	3
Lehigh Portland Holdings, LLC	Wilmington, USA	100.00	USD	0
Lehigh Portland Investments, LLC	Wilmington, USA	100.00	USD	44
Lehigh Realty Company	Richmond, USA	100.00	USD	-1
Lehigh Southwest Cement Company	Sacramento, USA	100.00	USD	360
Lehigh White Cement Company	Harrisburg, USA	51.00	USD	54
Les Placements Domenico Miceli Inc.	Montreal, Canada	100.00	CAD	0
Material Service Corporation	Wilmington, USA	100.00	USD	45
Mayco Mix Ltd.	British Columbia, Canada	100.00	CAD	0
Mays Landing Sand & Gravel Company	Trenton, USA	100.00	USD	20
Mill Run Associates	Harrisburg, USA	100.00	USD	7
Mineral and Land Resources Corporation	Wilmington, USA	100.00	USD	37
Mission Valley Rock Co.	Sacramento, USA	100.00	USD	111
Navastone USA, Inc.	Albany, USA	100.00	USD	-1
Navastone, Inc.	Lansing, USA	100.00	USD	-1
Newbury Development Management, LLC	Pennsylvania, USA	100.00	USD	0
Ocean Marine Towing Services Limited	Victoria, Canada	100.00	CAD	2
PCAz Leasing, Inc.	Phoenix, USA	100.00	USD	11
Pioneer International Overseas Corporation	Cardiff, British Virgin Islands	100.00	GBP	171
Rempel Bros. Concrete Ltd.	British Columbia, Canada	100.00	CAD	0
Rimarcal Corporation	Panama City, Panama	100.00	GBP	2,203
Sherman Industries LLC	Wilmington, USA	100.00	USD	104
Sinclair General Corporation	Panama City, Panama	100.00	GBP	7,101
South Valley Materials, Inc.	Sacramento, USA	100.00	USD	21
Standard Concrete Products, Inc.	Sacramento, USA	100.00	USD	21
Vestur Insurance (Bermuda) Ltd	Hamilton, Bermuda	100.00	USD	0
Wire Products Investment Company	Lansing, USA	100.00	USD	0
Subsidiaries				
Asia-Pacific				
Apex Quarries Pty Ltd.	Victoria, Australia	100.00	AUD	0
Bitumix Granite Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	12
Butra HeidelbergCement Sdn. Bhd.	Bandar Seri Begawan , Brunei Darussalam	70.00	BND	19
CGF Pty Limited	New South Wales, Australia	100.00	AUD	341
Christies Stone Quarries Pty Ltd	South Australia, Australia	100.00	AUD	0
Clemco Ltd.	Hong Kong, Hong Kong	100.00	HKD	125
COCHIN Cements Ltd.	Kottyam, India	98.72	INR	-2
Consolidated Quarries Pty Ltd.	Victoria, Australia	100.00	AUD	0

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Excel Quarries Pty Limited	Queensland, Australia	100.00	AUD	0
Gerak Harapan Sdn Bhd	Kuala Lumpur, Malaysia	70.00	MYR	5
Hanson Australia (Holdings) Proprietary Limited	Victoria, Australia	100.00	AUD	3,066
Hanson Australia Cement Pty Limited	New South Wales, Australia	100.00	AUD	12
Hanson Australia Funding Limited	New South Wales, Australia	100.00	USD	-34
Hanson Australia Investments Pty Limited	New South Wales, Australia	100.00	AUD	31
Hanson Australia Pty Limited	New South Wales, Australia	100.00	AUD	1,334
Hanson Building Materials Cartage Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-1
Hanson Building Materials Industries Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Building Materials Laboratory Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-1
Hanson Building Materials Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	57
Hanson Building Materials Manufacturing Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	8
Hanson Building Materials Production Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	78
Hanson Building Materials Services Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Building Materials Transport Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Building Materials-KTPC Sdn Bhd	Kuala Lumpur, Malaysia	65.00	MYR	1
Hanson Building Materials-KTPC-PBPM Sdn Bhd	Kuala Lumpur, Malaysia	67.50	MYR	4
Hanson Building Materials-PBPM Sdn Bhd	Kuala Lumpur, Malaysia	70.00	MYR	1
Hanson Concrete (M) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-5
Hanson Construction Materials Pty Ltd	Queensland, Australia	100.00	AUD	67
Hanson Finance Australia Ltd	Australian Capital Territory, Australia	100.00	AUD	-33
Hanson Holdings (M) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-2
Hanson Holdings Australia Pty Ltd	Victoria, Australia	100.00	AUD	4,026
Hanson Investment Holdings Pte Ltd	Singapore, Singapore	100.00	SGD	43
Hanson Landfill Services Pty Ltd	Victoria, Australia	100.00	AUD	7
Hanson Mauritius Pty Ltd	Port Louis, Mauritius	100.00	SGD	0
Hanson Pacific (S) Pte Ltd	Singapore, Singapore	100.00	SGD	-11
Hanson Precast (S) Pte Limited	Singapore, Singapore	100.00	SGD	9
Hanson Precast Pty Ltd	New South Wales, Australia	100.00	AUD	-2
Hanson Pty Limited	Victoria, Australia	100.00	AUD	4,026
Hanson Quarries Victoria Pty Limited	New South Wales, Australia	100.00	AUD	0
Hanson Quarry Products (Asphalt) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Quarry Products (Batu Pahat) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	1
Hanson Quarry Products (Bricks) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Quarry Products (EA) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	6
Hanson Quarry Products (Holdings) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	232
Hanson Quarry Products (Kluang) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Quarry Products (Kuantan) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	14
Hanson Quarry Products (Kulai) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	20
Hanson Quarry Products (Land) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	19
Hanson Quarry Products (Masai) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	3
Hanson Quarry Products (Northern) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	10
Hanson Quarry Products (Pengerang) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	0
Hanson Quarry Products (Perak) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	7
Hanson Quarry Products (Premix) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	3
Hanson Quarry Products (Rawang) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	5
Hanson Quarry Products (Segamat) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	1
Hanson Quarry Products (Tempoyak) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-1
Hanson Quarry Products (Terengganu) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	7
Hanson Quarry Products (Transport) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	2
Hanson Quarry Products Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	198
HCT Asia Services Pte. Ltd.	Singapore, Singapore	100.00	SGD	1
HeidelbergCement Asia Pte Ltd	Singapore, Singapore	100.00	SGD	8
HeidelbergCement Bangladesh Limited	Chittagong, Bangladesh	60.66	BDT	4,356
HeidelbergCement Holding HK Limited	Hong Kong, Hong Kong	100.00	HKD	517
HeidelbergCement India Ltd.	Ammasandra, India	68.55	INR	7,833
Hymix Australia Pty Ltd	New South Wales, Australia	100.00	AUD	125
Hymix Holding Company Pty Ltd	New South Wales, Australia	100.00	AUD	0
Meghna Energy Limited	Dhaka, Bangladesh	100.00	BDT	1,227
Pioneer Concrete (Hong Kong) Limited	Hong Kong, Hong Kong	100.00	HKD	435
Pioneer Concrete (NT) Pty Ltd	Northern Territory, Australia	100.00	AUD	0
Pioneer Concrete (Tasmania) Proprietary Limited	Tasmania, Australia	100.00	AUD	8
Pioneer Concrete (WA) Pty Ltd	Western Australia, Australia	100.00	AUD	0
Pioneer Gravels (Qld) Pty Ltd	Queensland, Australia	100.00	AUD	0

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Pioneer Group Holdings Pty Ltd	New South Wales, Australia	100.00	AUD	27
Pioneer International (Labuan) Ltd	Labuan, Malaysia	100.00	USD	1
Pioneer International Holdings Pty Ltd	New South Wales, Australia	100.00	AUD	1,521
Pioneer North Queensland Pty Ltd	Queensland, Australia	100.00	AUD	22
Pioneer Petroleum Australia Pty Ltd	Northern Territory, Australia	100.00	AUD	0
Plentong Granite Industries Sdn Bhd	Kuala Lumpur, Malaysia	70.00	MYR	29
PT Bahana Indonor	Jakarta, Indonesia	51.00	IDR	51,453
PT Dian Abadi Perkasa	Jakarta, Indonesia	51.00	IDR	249,185
PT Gunung Tua Mandiri [1]	Bogor, Indonesia	26.01	IDR	48,164
PT Indocement Tunggal Prakarsa Tbk.	Jakarta, Indonesia	51.00	IDR	12,875,605
PT Indomix Perkasa	Jakarta, Indonesia	51.00	IDR	53,283
PT Mandiri Sejahtera Sentra (MSS)	Jakarta, Indonesia	51.00	IDR	67,990
PT Mineral Industri Sukabumi	Sukabumi, Indonesia	51.00	IDR	13,624
PT Multi Bangun Galaxy	Lombok, Indonesia	51.00	IDR	1,518
PT Pionirbeton Industri	Jakarta, Indonesia	51.00	IDR	6,045
PT Sari Bhakti Sejati	Jakarta, Indonesia	51.00	IDR	13
Rajang Perkasa Sdn Bhd	Kuala Lumpur, Malaysia	60.00	MYR	2
Realistic Sensation Sdn Bhd	Kuala Lumpur, Malaysia	70.00	MYR	4
Sofinaz Holdings Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	1
South Coast Basalt Pty Ltd	New South Wales, Australia	100.00	AUD	2
Tanah Merah Quarry Sdn Bhd	Kuala Lumpur, Malaysia	100.00	MYR	-16
Valscot Pty Limited	New South Wales, Australia	100.00	AUD	0
Waterfall Quarries Pty Limited	Victoria, Australia	100.00	AUD	0
Subsidiaries				
Africa-Mediterranean Basin				
Calcim S.A.	Cotonou, Benin	93.94	XOF	3
Cimbenin SA	Cotonou, Benin	52.51	XOF	2,410
Ciments du Togo SA	Lome, Togo	93.59	XOF	6,141
Cimgabon S.A.	Libreville, Gabon	70.46	XAF	5,000
Ghacem Ltd.	Accra, Ghana	87.46	GHS	116
Hanson (Israel) Ltd	Ramat Gan, Israel	99.97	ILS	371
Hanson Quarry Products (Israel) Ltd	Ramat Gan, Israel	99.97	ILS	491
HC Trading B.V. - Turkey Branch	Istanbul, Turkey	100.00	TRY	-10
Interlacs S.A.R.L.	Lubumbashi, The Democratic Republic of the Congo	70.00	CDF	1,734
La Cimenterie de Lukala S.A.R.L.	Kinshasa, The Democratic Republic of the Congo	55.00	CDF	10,271
Liberia Cement Corporation Ltd.	Monrovia, Liberia	59.00	USD	4
Pioneer Beton Muva Umachzavot Ltd	Ramat Gan, Israel	99.97	ILS	1
Scantogo Mines SA	Lome, Togo	93.94	XOF	10
Sierra Leone Cement Corp. Ltd. [1]	Freetown, Sierra Leone	46.97	SLL	39,117
Tadir Readymix Concrete (1965) Ltd	Ramat Gan, Israel	100.00	ILS	0
TPCC Tanzania Portland Cement Company Ltd.	Dar Es Salaam, Tanzania	65.05	TZS	168,329
West Africa Quarries Limited	Accra, Ghana	87.46	GHS	0
Proportionately consolidated companies				
Western and Northern Europe				
Betong Öst AS	Kongsvinger, Norway	50.00	NOK	19
BLG Betonlieferungsgesellschaft mbH Freising-Erding [2]	Freising, Germany	57.30	EUR	1
BLG Transportbeton GmbH & Co. KG [2]	München, Germany	61.75	EUR	6
ENCI Zand en Grind B.V.	's-Hertogenbosch, Netherlands	50.00	EUR	7
GriVaLim S.A.	Bruxelles, Belgium	50.00	EUR	-3
Heidelberger Beton Aschaffenburg GmbH & Co. KG [2]	Aschaffenburg, Germany	70.95	EUR	0
Heidelberger Beton Rhein-Nahe GmbH & Co. KG [2]	Bad Kreuznach, Germany	74.00	EUR	0
Heidelberger Beton Schwandorf GmbH	Schwandorf, Germany	42.59	EUR	0
Heidelberger Beton Zwickau GmbH & Co. KG [2]	Zwickau, Germany	60.00	EUR	1
Heidelberger Betonelemente GmbH & Co. KG [2]	Baden-Baden, Germany	89.89	EUR	2
Lithonplus GmbH & Co. KG [2]	Lingenfeld, Germany	60.00	EUR	9
Mibau Holding GmbH	Cadenberge, Germany	50.00	EUR	26
Midland Quarry Products Limited	Whitwick, United Kingdom	50.00	GBP	59
Reederei Hans Jürgen Hartmann MS 'Beltnes' GmbH & CO KG	Cadenberge, Germany	50.00	EUR	9

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Reederei Hans-Jürgen Hartmann 'MS Bulknes' GmbH & Co. KG	Cadenberge, Germany	50.00	EUR	10
Sola Betong AS	Tananger, Norway	33.33	NOK	19
Specialstabilisering i Stockholm AB	Stockholm, Sweden	50.00	SEK	0
TBG Transportbeton Franken GmbH & Co. KG 2)	Fürth, Germany	51.00	EUR	1
TBG Transportbeton GmbH & Co. KG Naabbeton	Nabburg, Germany	50.00	EUR	1
TBG Transportbeton Mainfranken GmbH & Co.KG. 2)	Sand am Main, Germany	57.00	EUR	1
TBG Transportbeton Oder-Spree GmbH & Co. KG	Wriezen, Germany	50.00	EUR	2
TBG Transportbeton Saalfeld GmbH & Co. KG 2)	Saalfeld, Germany	56.67	EUR	0
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern, Germany	50.00	EUR	2
UTE "Ave la Seda" 2)	Barcelona, Spain	60.00	EUR	2
Wetterauer Lieferbeton GmbH & Co. KG 2)	Bad Nauheim, Germany	57.50	EUR	1
WIKING Baustoff- und Transport GmbH & Co. Kommanditgesellschaft	Soest, Germany	50.00	EUR	0
Proportionately consolidated companies				
Eastern Europe-Central Asia				
Brnenske pisky a.s.	Nemcicky, Czech Republic	48.00	CZK	27
Duna-Dráva Cement Kft.	Vác, Hungary	50.00	HUF	67,216
PISKOVNY MORAVA spol. s.r.o.	Brno, Czech Republic	50.00	CZK	41
TBG Doprastav, a.s.	Bratislava, Slovakia	50.00	EUR	11
TBG METROSTAV s.r.o.	Praha, Czech Republic	50.00	CZK	449
TBG SWIETELSKY s.r.o. 2)	Ceske Budejovice, Czech Republic	51.00	CZK	25
Tvornica cementa Kakanj dionicko drustvo	Kakanj, Bosnia-Herzegovina	45.58	BAM	171
Vltavske sterkopisky s.r.o.	Chlumin, Czech Republic	50.00	CZK	117
Proportionately consolidated companies				
North America				
China Century Cement Ltd.	Hamilton, Bermuda	50.00	HKD	689
Texas Lehigh Cement Company LP	Austin, USA	50.00	USD	29
Proportionately consolidated companies				
Asia-Pacific				
Alliance Construction Materials Ltd	Hong Kong, Hong Kong	50.00	HKD	236
Cement Australia Holdings Pty Ltd	New South Wales, Australia	25.00	AUD	500
Cement Australia Partnership	New South Wales, Australia	25.00	AUD	45
Cement Australia Pty Limited	Victoria, Australia	25.00	AUD	0
Easy Point Industrial Ltd.	Hong Kong, Hong Kong	50.00	HKD	1
Jidong Heidelberg (Fufeng) Cement Company Limited	Baoji, China	48.11	CNY	744
Jidong Heidelberg (Jingyang) Cement Company Limited	Xianyang City, China	50.00	CNY	789
Lytton Unincorporated Joint Venture	Queensland, Australia	50.00	AUD	0
Squareal Cement Ltd	Hong Kong, Hong Kong	50.00	HKD	-11
Proportionately consolidated companies				
Africa-Mediterranean Basin				
Akçansa Çimento Sanayii Ve Ticaret A.S.	Istanbul, Turkey	39.72	TRY	838
Hanson Yam Limited Partnership 2)	Ramat Gan, Israel	50.98	ILS	2
Karcimsa Cimento San.Ve Tic.A.S.	Karabük, Turkey	20.26	TRY	23
Associated companies				
Western and Northern Europe				
Bauelementewerk Hertweck GmbH & Co. KG	Baden-Baden, Germany	32.62	EUR	2
BetonMarketing Nord GmbH 3)	Hannover, Germany	50.00	EUR	0
Betonpumpendienst Simonis GmbH & Co. KG 2)	Ubstadt-Weiher, Germany	56.12	EUR	3
Betonpumpen-Service Niedersachsen GmbH & Co. KG 3)	Hannover, Germany	50.00	EUR	0
Betotech GmbH & Co. KG 2)	Heidelberg, Germany	100.00	EUR	0
Betotech GmbH, Baustofftechnisches Labor 2)	Amberg, Germany	60.96	EUR	0
Betotech GmbH, Baustofftechnisches Labor 2)	Eppelheim, Germany	58.62	EUR	0
betotech München GmbH & Co. KG 2)	München, Germany	62.50	EUR	0
BÜG Beton-Überwachung GmbH 2)	Leimen, Germany	100.00	EUR	0
BVS Beton-Vertrieb-Südbayern GmbH & Co. KG 2)	Rohrdorf, Germany	61.75	EUR	2

Company name	Corporate seat	Group ownership %	Currency	Equity in million
Condroz Béton S.A. [2)]	Bruxelles, Belgium	66.92	EUR	1
Donau Kies GmbH & Co. KG [2)]	Plattling, Germany	75.00	EUR	7
DONAU MÖRTEL - GmbH & Co. KG [3)]	Neuburg a. Inn, Germany	50.00	EUR	0
Ernst Marschall GmbH & Co. KG Kies- und Schotterwerke	Kressbronn, Germany	20.50	EUR	4
Fertigbeton (FBU) GmbH & Co Kommanditgesellschaft Unterwittbach [2)]	Unterwittbach, Germany	57.14	EUR	0
Fredy Lemke Baustoffhandel Spedition und Reederei GmbH & Co. KG [2)]	Berlin, Germany	100.00	EUR	0
Gebrüder Willersinn Industriesandwerk GmbH & Co. KG	Raunheim, Germany	33.33	EUR	1
GENAMO Gesellschaft zur Entwicklung des Naherholungsgebietes Misburg-Ost mbH [3)]	Hannover, Germany	50.00	EUR	0
H.H. & D.E. Drew Limited	New Milton, United Kingdom	49.00	GBP	11
Hafenbetriebsgesellschaft mbH & Co KG Stade [3)]	Stade, Germany	50.00	EUR	1
Heidelberger Beton Donau-Iller GmbH & Co. KG	Elchingen, Germany	50.48	EUR	1
Heidelberger Beton GmbH & Co Stuttgart KG	Remseck a. N., Germany	33.33	EUR	0
Heidelberger Beton Grenzland GmbH & Co. KG [3)]	Marktredwitz, Germany	50.00	EUR	1
Heidelberger Beton Nesselwang GmbH & Co. KG [2)]	Nesselwang, Germany	60.00	EUR	0
Heidelberger Fließestrich Südwest GmbH [2)]	Eppelheim, Germany	56.76	EUR	0
Hessisches Bausteinwerk Dr. Blasberg GmbH & Co. KG	Mörfelden-Walldorf, Germany	47.08	EUR	4
Humber Sand and Gravel Limited [3)]	Egham, United Kingdom	50.00	GBP	0
ID Beton N.V. [3)]	Zeebrugge, Belgium	50.00	EUR	0
ISAR-DONAU MÖRTEL-GmbH & Co. KG	Passau, Germany	33.33	EUR	0
Kalksandsteinwerke Birkenmeier Gesellschaft mit beschränkter Haftung	Breisach am Rhein, Germany	40.00	EUR	3
KANN Beton GmbH & Co. KG [3)]	Bendorf, Germany	50.00	EUR	2
Kieswerk Langsdorf GmbH [2)]	Langsdorf, Germany	62.45	EUR	2
Kieswerke Flemmingen GmbH [2)]	Penig, Germany	54.00	EUR	1
Kronimus Aktiengesellschaft	Iffezheim, Germany	24.90	EUR	20
KVB Kies- Vertrieb GmbH & Co. KG	Karlsdorf-Neuthard, Germany	24.90	EUR	0
MDB Mörteldienst GmbH & Co. KG Berlin-Brandenburg [2)]	Berlin, Germany	90.00	EUR	0
MDF Mörtel- und Estrich-Dienst Franken GmbH & Co. KG	Nürnberg, Germany	26.52	EUR	0
Meier Betonwerk GmbH u. Co KG [3)]	Claußnitz, Germany	50.00	EUR	0
Meier Betonwerk GmbH u. Co KG [3)]	Teuchern, Germany	50.00	EUR	0
Mendip Rail Limited [3)]	Markfield, United Kingdom	50.00	GBP	3
MERMANS BETON N.V.	Arendonk, Belgium	49.91	EUR	1
Misburger Hafengesellschaft mit beschränkter Haftung	Hannover, Germany	39.66	EUR	1
Mittelschwäbische Transport- und Frischbeton- Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft	Thannhausen, Germany	30.23	EUR	0
MM MAIN-MÖRTEL GmbH & Co.KG [2)]	Aschaffenburg, Germany	59.74	EUR	0
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein, Netherlands	36.88	EUR	1
Nederlands Cement Transport Cetra B.V. [3)]	Amsterdam, Netherlands	50.00	EUR	2
North Tyne Roadstone Limited [3)]	Wolverhampton, United Kingdom	50.00	GBP	1
OVRC NV	Bruxelles, Belgium	49.91	EUR	0
Peene Kies GmbH	Jarmen, Germany	24.90	EUR	4
Peters Cementoverslagbedrijf B.V. Den Hout	Breda, Netherlands	33.33	EUR	2
Purfleet Aggregates Limited [3)]	Maidenhead, United Kingdom	50.00	GBP	0
Raunheimer Sand- und Kiesgewinnung Blasberg GmbH & Co. KG	Raunheim, Germany	23.53	EUR	1
Rederij Cement-Tankvaart B.V. [2)]	Terneuzen, Netherlands	66.66	EUR	6
Renor Loop Service AS [3)]	Björkelangen, Norway	50.00	NOK	2
Rhein-Neckar-Mörtel GmbH & Co. KG i.L.	Bruchsal, Germany	23.03	EUR	0
S.A. Cimescaut	Tournai, Belgium	34.02	EUR	27
SAFA Saarfilterasche-Vertriebs-GmbH & Co. Kommanditgesellschaft.	Baden-Baden, Germany	30.00	EUR	1
SBU Sandwerke Dresden GmbH	Dresden, Germany	24.00	EUR	2
Schwaben Mörtel GmbH u. Co.KG	Stuttgart, Germany	30.00	EUR	0
Smiths Concrete Limited	Oxford, United Kingdom	49.00	GBP	7
SMW Sand und Mörtelwerk GmbH & Co. KG [2)]	Niederlehme, Germany	100.00	EUR	1
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH	Rohrdorf, Germany	24.99	EUR	242
Tangen Eiendom AS [3)]	Brevik, Norway	50.00	NOK	17
TBG Bayerwald Transportbeton GmbH & Co. KG [3)]	Straubing, Germany	50.00	EUR	0
TBG Deggendorfer Transportbeton GmbH	Deggendorf, Germany	33.33	EUR	1
TBG Ilm-Beton GmbH &Co. KG [2)]	Arnstadt, Germany	55.00	EUR	1
TBG KANN Beton Guben GmbH & Co. KG [3)]	Guben, Germany	50.00	EUR	0
TBG Lieferbeton Karlsruhe GmbH & Co. KG	Karlsruhe, Germany	38.00	EUR	1
TBG Pegnitz-Beton GmbH & Co. KG	Hersbruck, Germany	28.00	EUR	0
TBG Rott Kies und Transportbeton GmbH	Kelheim, Germany	20.40	EUR	1
TBG Saale-Beton GmbH & Co. KG	Hammelburg, Germany	29.07	EUR	0
TBG Transportbeton Aue-Schwarzenberg GmbH & Co. KG [2)]	Schwarzenberg, Germany	54.00	EUR	0

Company name	Corporate seat	Group ownership %	Currency	Equity in million
TBG Transportbeton Bad Mergentheim GmbH & Co KG	Bad Mergentheim, Germany	38.00	EUR	0
TBG Transportbeton Caprano GmbH & Co. KG [3)]	Pirmasens, Germany	50.00	EUR	0
TBG Transportbeton Elsenz GmbH & Co. KG [2)]	Bammental, Germany	51.11	EUR	0
TBG Transportbeton Elster-Spree GmbH & Co. KG [2)]	Cottbus, Germany	60.00	EUR	0
TBG Transportbeton Gesellschaft, Eck-Beton, Eck GmbH & Co. KG	Bad Windsheim, Germany	28.50	EUR	0
TBG Transportbeton Glöckle GmbH & Co. KG	Grafenrheinfeld, Germany	31.35	EUR	0
TBG Transportbeton GmbH & Co. KG Betonpumpendienst [2)]	Nabburg, Germany	52.54	EUR	1
TBG Transportbeton GmbH & Co. KG Lohr-Beton [3)]	Lohr a. Main, Germany	50.00	EUR	0
TBG Transportbeton Meier GmbH & Co. KG [3)]	Wilkau-Haßlau, Germany	50.00	EUR	0
TBG Transportbeton Mittweida GmbH & Co KG	Mittweida, Germany	40.00	EUR	0
TBG Transportbeton Pfaffenhofen GmbH & Co. KG	Pfaffenhofen, Germany	35.61	EUR	0
TBG Transportbeton Reichenbach GmbH & Co. KG [2)]	Reichenbach, Germany	70.00	EUR	1
TBG Transportbeton Rhein-Donau-Raum GmbH & Co.KG	Singen, Germany	36.90	EUR	0
TBG Transportbeton Schleiz GmbH & Co. KG [3)]	Schleiz, Germany	50.00	EUR	0
TBG Transportbeton Selb GmbH & Co. KG	Selb, Germany	33.33	EUR	0
TBG Transportbeton Werner GmbH & Co. KG	Dietfurt a.d. Altmühl, Germany	42.50	EUR	0
TBM Transportbeton-Gesellschaft mbH Marienfeld & Co. Kommanditgesellschaft [2)]	Marienfeld, Germany	64.69	EUR	0
Trans CBR S.A. [2)]	Bruxelles, Belgium	100.00	EUR	1
Transbeton Gesellschaft mit beschränkter Haftung & Co Kommanditgesellschaft	Löhne, Germany	26.81	EUR	1
Transportbeton - Gesellschaft m.b.H. 'Garant' & Co., Kommanditgesellschaft	Bad Salzuflen, Germany	30.00	EUR	1
Transportbeton Bad Waldsee GmbH & Co. KG [2)]	Bad Waldsee, Germany	64.00	EUR	0
Transportbeton Beuschlein GmbH & Co. KG	Würzburg, Germany	28.50	EUR	0
Union Beton Werke GmbH	Söchtenau, Germany	43.54	EUR	2
WEIDEMANN GmbH	Beckum, Germany	22.00	EUR	2
Westfalia Transportbetonunion GmbH & Co. KG	Werl, Germany	25.00	EUR	0
WTG Walhalla Transportbeton GmbH	Regensburg, Germany	28.33	EUR	0
Zement- und Kalkwerke Otterbein GmbH & Co. KG	Müs, Germany	38.10	EUR	1

Associated companies				
Eastern Europe-Central Asia				
BETONIKA plus s.r.o.	Luzec nad Vltavou, Czech Republic	33.33	CZK	85
CEMET S.A.	Warsaw, Poland	42.91	PLN	52
Centrum Technologiczne Betotech Sp. z o.o. [2)]	Katowice, Poland	99.99	PLN	4
Gorazdze Trans Sp z o.o. w likwidacji [2)]	Opole, Poland	99.99	PLN	4
Open Joint Stock Company "Mineral Resources Company"	Ishimbay, Russian Federation	25.50	RUB	759
Podgrodzie Sp. z o.o. [2)]	Wroclaw, Poland	100.00	PLN	14
PREFA Grygov a.s. [2)]	Grygov, Czech Republic	53.73	CZK	70
SP Bohemia, k.s. [2)]	Kraluv Dvur, Czech Republic	75.00	CZK	233
TBG Betonove stavby Klatovy s.r.o.	Beroun, Czech Republic	25.05	CZK	42
TBG Louny s.r.o.	Louny, Czech Republic	33.33	CZK	34
TBG PKS a.s.	Zdar nad Sazavou, Czech Republic	29.70	CZK	29
TBG Wroclaw Sp. z o.o. [3)]	Wroclaw, Poland	50.00	PLN	7

Associated companies				
North America				
Allied Cement Company, d/b/a CPC Terminals (Limited Partnership Interest) [3)]	Austin, USA	50.00	USD	1
American Stone Company [3)]	Raleigh, USA	50.00	USD	4
California Commercial Asphalt Company LLC [3)]	Wilmington, USA	50.00	USD	9
Cemstone Products Company	St. Paul, USA	49.45	USD	10
Cemstone Ready Mix Inc.	Madison, USA	44.01	USD	4
Chandler Concrete/Piedmont, Inc.	Raleigh, USA	33.33	USD	7
Chaney Enterprises Limited Partnership	Olympia, USA	25.00	USD	13
Concrete Accessory Manufacturing [3)]	Bingham Farms, USA	50.00	USD	0
KSA Limited Partnership [3)]	Columbus, USA	50.00	USD	1
Newbury Development Associates, LP [2)]	Pennsylvania, USA	100.00	USD	3
Red Bluff Sand & Gravel, L.L.C. [3)]	Montgomery, USA	50.00	USD	2
Southstar Limited Partnership	Annapolis, USA	25.00	USD	15
Twin City Concrete Products Co.	St. Paul, USA	33.63	USD	11
Two Rivers Cement LLC [3)]	Newport Beach, USA	50.00	USD	23
Upland Ready Mix Ltd. [3)]	British Columbia, Canada	50.00	CAD	1

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Company name	Corporate seat	Group ownership %	Currency	Equity in million
Associated companies				
Asia-Pacific				
M&H Quarries Partnership [3]	Victoria, Australia	50.00	AUD	-1
Metromix Pty Limited [3]	New South Wales, Australia	50.00	AUD	24
Penrith Lakes Development Corporation Limited	New South Wales, Australia	20.00	AUD	-299
PT Bhakti Sari Perkasa Abadi [2]	Jakarta, Indonesia	51.00	IDR	13
PT Cibinong Center Industrial Estate	Jakarta, Indonesia	25.50	IDR	35,980
PT Lentera Abadi Sejahtera [2]	Jakarta, Indonesia	51.00	IDR	4
PT Makmur Abadi Perkasa Mandiri [2]	Jakarta, Indonesia	51.00	IDR	13
PT Pama Indo Mining	Jakarta, Indonesia	20.40	IDR	33,449
West Australian Landfill Services Pty Ltd [3]	Victoria, Australia	50.00	AUD	3
Western Suburbs Concrete Partnership [3]	New South Wales, Australia	50.00	AUD	6
Associated companies				
Africa-Mediterranean Basin				
Alrashid Abetong Company Ltd	Riyadh, Saudi Arabia	45.00	SAR	120
Fortia Cement S.A.	Lome, Togo	46.97	XAF	7,646

The following companies are reflected in the consolidated financial statements at cost ("Available for sale at cost") due to their immateriality.

Company name	Corporate seat	Group ownership %	Currency	Equity in million	Net income in million
Immaterial subsidiaries [a]					
Western and Northern Europe					
ACOM Prefa sarl - Agence Commercial Prefa sarl	Brumath, France	89.89	EUR	0	0
B.V. Mortel Installatie Assen 'M.I.A.'	Assen, Netherlands	66.67	EUR	2	1
Bausteinwerk Bott - Blasberg G.m.b.H. & Co. Kommanditgesellschaft	Heppenheim (Bergstrasse), Germany	61.58	EUR	1	0
Betonpumpendienst Simonis Verwaltungsgesellschaft mbH	Ubstadt-Weiher, Germany	56.07	EUR	0	0
betotech München Verwaltungs GmbH	München, Germany	62.50	EUR	0	0
Betotech Verwaltungs-GmbH	Heidelberg, Germany	100.00	EUR	0	0
BLG Beteiligungen GmbH	München, Germany	61.75	EUR	0	0
BVS Beton-Vertrieb-Südbayern Verwaltung GmbH	Rohrdorf, Germany	61.75	EUR	0	0
Donau Kies Verwaltungs GmbH	Plattling, Germany	75.00	EUR	0	0
Etablissement F.S. Bivois SARL	Strasbourg, France	60.00	EUR	0	0
Feroc Ver- und Entsorgungshandelsgesellschaft mbH	Seesen, Germany	76.00	EUR	0	0
Fertigbeton (FBU) GmbH	Unterwittbach, Germany	57.14	EUR	0	0
FML Restoration Limited	Maidenhead, United Kingdom	100.00	GBP	0	0
Hanson Aggregates Verwaltungs-GmbH	Leinatal, Germany	100.00	EUR	0	0
HeidelbergCement Baustoffe für Geotechnik Verwaltungs-GmbH	Ennigerloh, Germany	100.00	EUR	0	0
HeidelbergCement Grundstücksgesellschaft Wetzlar Verwaltungs-GmbH	Heidelberg, Germany	100.00	EUR	0	0
HeidelbergCement Grundstücksverwaltungsgesellschaft mbH	Heidelberg, Germany	100.00	EUR	0	0
HeidelbergCement Malta Prima Limited	Valletta, Malta	100.00	EUR	0	0
HeidelbergCement Shared Services GmbH	Leimen, Germany	100.00	EUR	0	0
HeidelbergCement Technology Center GmbH	Heidelberg, Germany	100.00	EUR	0	0
Heidelberger Beton Aschaffenburg Verwaltungs-GmbH	Aschaffenburg, Germany	70.74	EUR	0	0
Heidelberger Beton Donau-Iller Verwaltungs-GmbH	Unterelchingen, Germany	50.46	EUR	0	0
Heidelberger Beton Donau-Naab Verwaltungsgesellschaft mbH	Burglengenfeld, Germany	85.00	EUR	0	0
Heidelberger Beton Nesselwang Verwaltungs-GmbH	Nesselwang, Germany	60.06	EUR	0	0
Heidelberger Beton Rhein-Nahe Verwaltungs-GmbH	Bad Kreuznach, Germany	74.04	EUR	0	0
Heidelberger Beton Zwickau Verwaltungs-GmbH	Zwickau, Germany	60.00	EUR	0	0
Heidelberger Betonelemente Verwaltungs-GmbH	Baden-Baden, Germany	89.89	EUR	0	0
Heidelberger Betonelemente Verwaltungs-GmbH	Chemnitz, Germany	83.00	EUR	0	0
Heidelberger Betonpumpen Rhein-Main-Nahe Verwaltungs-GmbH	Frankfurt/Main, Germany	93.74	EUR	0	0
Heidelberger Energie GmbH	Heidelberg, Germany	100.00	EUR	0	0
Heidelberger Kalksandstein Grundstücks- und Beteiligungs-Verwaltungs-GmbH	Durmersheim, Germany	100.00	EUR	0	0
Heidelberger KS Beteiligungen Deutschland Verwaltungsgesellschaft mbH	Heidelberg, Germany	100.00	EUR	0	0
Heidelberger Sand und Kies Handel & Logistik GmbH	Essen, Germany	100.00	EUR	0	0

Company name	Corporate seat	Group ownership %	Currency	Equity in million	Net income in million
Heidelberger Sand und Kies Handels- und Vertriebs-GmbH	Heidelberg, Germany	100.00	EUR	0	0
Heidelberger Weserkies Verwaltungs-GmbH	Bremen, Germany	100.00	EUR	0	0
Kalksandsteinwerk Amberg GmbH & Co. KG	Ebermannsdorf, Germany	50.10	EUR	2	0
Kalksandsteinwerk Amberg Verwaltungs-GmbH	Ebermannsdorf, Germany	50.10	EUR	0	0
Kazakhstan Cement Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	0	0
Kieswerke Kieser GmbH & Co. KG	Gotha, Germany	51.00	EUR	1	0
Kieswerke Kieser Verwaltungs-GmbH	Gotha, Germany	51.00	EUR	0	0
L e m k e & Co. Baustoffhandel, Spedition und Reederei, Gesellschaft mit beschränkter Haftung	Berlin, Germany	100.00	EUR	0	0
Lieferbeton Gesellschaft mit beschränkter Haftung	Bad Nauheim, Germany	57.60	EUR	0	0
Lithonplus Verwaltungs-GmbH	Lingenfeld, Germany	60.00	EUR	0	0
Marmor-Industrie Kiefer GmbH	Kiefersfelden, Germany	100.00	EUR	1	0
Materiaux de Boran S.A.	Boran-sur-Oise, France	99.84	EUR	0	0
MDB Mörteldienst Verwaltungs-GmbH Berlin-Brandenburg	Berlin, Germany	90.00	EUR	0	0
MM MAIN-MÖRTEL Verwaltungsgesellschaft mbH	Aschaffenburg, Germany	59.74	EUR	0	0
NAAB Mörtel GmbH	Schwandorf, Germany	53.51	EUR	0	0
NedCem Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	0	0
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung	Paderborn, Germany	75.00	EUR	0	0
Pioneer Investments UK Limited	Maidenhead, United Kingdom	100.00	GBP	0	0
Quadro Bausysteme GmbH	Durmersheim, Germany	80.00	EUR	0	0
RLG Rohstoffe GmbH & Co. KG	Essen, Germany	100.00	EUR	0	0
RLG Rohstoffe Verwaltungsgesellschaft mbH	Mülheim a. d. Ruhr, Germany	100.00	EUR	0	0
Roewekamp GmbH	Gelsenkirchen, Germany	100.00	EUR	0	0
SBM Systembaumontagen GmbH	Chemnitz, Germany	83.00	EUR	0	0
SCI Bicowal	Strasbourg, France	60.00	EUR	0	0
SMW Sand und Mörtelwerk Verwaltungs-GmbH	Niederlehme, Germany	100.00	EUR	0	0
SPRL Ferme de Wisempierre	Saint-Maur-Ere, Belgium	100.00	EUR	2	0
SRS Rail Vehicles AB	Osby, Sweden	100.00	SEK	1	0
SRS Sjölanders AB	Stockholm, Sweden	100.00	SEK	4	-6
Svabo Kaross & Hydraulservice AB	Stockholm, Sweden	51.00	SEK	0	0
TBG Ilm-Beton Verwaltungs-GmbH	Arnstadt, Germany	55.00	EUR	0	0
TBG Transportbeton Elsenz Verwaltungsgesellschaft mbH	Bammental, Germany	51.11	EUR	0	0
TBG Transportbeton Elster-Spree Verwaltungs-GmbH	Cottbus, Germany	60.00	EUR	0	0
TBG Transportbeton Franken Geschäftsführung GmbH	Fürth, Germany	51.00	EUR	0	0
TBG Transportbeton Kurpfalz Verwaltungsgesellschaft mbH	Eppelheim, Germany	51.11	EUR	0	0
TBG Transportbeton Mainfranken Geschäftsführungs GmbH	Sand am Main, Germany	57.00	EUR	0	0
TBG Transportbeton Reichenbach Verwaltungs-GmbH	Reichenbach, Germany	70.00	EUR	0	0
TBG Transportbeton Saalfeld Verwaltungs-GmbH	Saalfeld, Germany	56.67	EUR	0	0
TBG Transportbeton Schwarzenberg Verwaltungs-GmbH	Schwarzenberg, Germany	60.00	EUR	0	0
TBG WIKA-Beton Verwaltungs-GmbH	Stade, Germany	100.00	EUR	0	0
TBH Transportbeton Hamburg Verwaltungs GmbH	Hamburg, Germany	85.00	EUR	0	0
TBM Transportbeton-Gesellschaft mit beschränkter Haftung Marienfeld	Harsewinkel, Germany	64.69	EUR	0	0
TopCem Holding B.V.	's-Hertogenbosch, Netherlands	100.00	EUR	0	0
Transportbeton Bad Waldsee Geschäftsführungs GmbH	Bad Waldsee, Germany	64.00	EUR	0	0
Verwaltungsgesellschaft Baustoffwerke Dresden mbH	Dresden, Germany	51.00	EUR	0	0
Walhalla Kalk Verwaltungsgesellschaft mbH	Regensburg, Germany	80.00	EUR	0	0
Immaterial subsidiaries [a)]					
Eastern Europe-Central Asia					
Bratislavské štrkopiesky, s.r.o.	Blatne, Slovakia	75.00	EUR	-1	0
Budejovicke Sterkopisky, spol. s.r.o.	Budweis, Czech Republic	73.50	CZK	21	2
Bukhtarma TeploEnergo LLP	Oktyabrskiy village, Kazakhstan	100.00	KZT	-164	-98
Bukhtarma Vodokanal LLP	Oktyabrskiy village, Kazakhstan	100.00	KZT	-81	-8
CEMTECH akciova spolecnost v likvidaci	Mokra, Czech Republic	100.00	CZK	1	0
Center Cement Plus Limited Liability Partnership	Astana, Kazakhstan	100.00	KZT	193	36
Donau Kies Bohemia Verwaltungs, s.r.o.	Pilsen, Czech Republic	75.00	CZK	0	0
Donau Kies Bohemia, s.r.o.	Kraluv Dvur, Czech Republic	75.00	CZK	17	1
HeidelbergCement Services - LLP	Almaty, Kazakhstan	100.00	KZT	12	9
Klatovske sterkopisky s.r.o.	Pilsen, Czech Republic	71.25	CZK	-8	0
Labske sterkopisky a beton s.r.o.	Litomerice, Czech Republic	60.00	CZK	-4	0
LLC 'HeidelbergCement Caucasus Shared Services'	Tbilisi, Georgia	100.00	GEL	0	0
MIXT Sp. z o. o.	Opole, Poland	99.99	PLN	4	1
OOO StrelicaCement	Strelica, Russian Federation	100.00	RUB	1	-1

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1 To our shareholders
2 Combined management report
3 Corporate Governance
4 HeidelbergCement annual accounts
5 Additional information

Company name	Corporate seat	Group ownership %	Currency	Equity in million	Net income in million
Plzenske sterkopisky s.r.o.	Pilsen, Czech Republic	60.00	CZK	-3	4
Polgrunt Sp. z o. o.	Opole, Poland	99.99	PLN	1	0
PZP Bohemia, k.s.	Kraluv Dvur, Czech Republic	75.00	CZK	0	0
ROBA sterkovny Nové Sedlo s.r.o.	Roztyly cp.3., Czech Republic	75.00	CZK	-12	4
SABIA spol. s.r.o.	Bohusovice nad Ori, Czech Republic	59.40	CZK	9	2
Severoceske piskovny a sterkovny s.r.o.	Zatec, Czech Republic	73.50	CZK	70	16
TRANS-SERVIS spol. s.r.o.	Kraluv Dvur, Czech Republic	100.00	CZK	78	-1
Udružene Pješčare i Šljuncare d.o.o., za istraživanje i iskorištavanje pijeska i šljunka, u likvidacije	Zagreb, Croatia	100.00	HRK	0	0
VAPIS stavební hmoty s.r.o.	Praha, Czech Republic	51.00	CZK	1	0

Immaterial subsidiaries a)					
North America					
Campbell Transportation Services LLC **)	Austin, USA	99.00	USD	16	0
Cementi Meridionali Ltd.	Tortola, British Virgin Islands	100.00	USD	2	0
Gypsum Carrier Inc	Panama City, Panama	100.00	GBP	55	0
Mediterranean Carriers, Inc.	Panama City, Panama	100.00	USD	-3	0
Piedras y Arenas Baja SA de CV	Tijuana, Mexico	100.00	MXN	0	0

Immaterial subsidiaries a)					
Asia-Pacific					
HC Trading Office Shanghai - Liason office	Shanghai, China	100.00	CNY	0	0

Immaterial subsidiaries a)					
Africa-Mediterranean Basin					
HC Trading Dubai Liason office	Dubai, United Arab Emirates	100.00	AED	0	0

The following associates and joint ventures are accounted for at cost ("Available for sale at cost") due to their immateriality

Immaterial associates and joint ventures a)					
Western and Northern Europe					
AB Stebo	Göteborg, Sweden	50.00	SEK	0	0
AB Strömstadsbetong	Göteborg, Sweden	33.00	SEK	0	0
AB Strömstadsbetong & Co Kommanditbolag	Göteborg, Sweden	33.00	SEK	4	4
Alzagri NV	Brugge, Belgium	50.00	EUR	1	0
Anton Beirer Hartsteinwerke GmbH & Co. KG	Pinswang, Austria	30.00	EUR	1	0
B.V. Autotransport Sint Pieter	Maastricht, Netherlands	50.00	EUR	0	0
B.V. Edese Beton Centrale E.B.C.	Arnhem, Netherlands	12.00	EUR	22	1
Baustoff- und Umschlags-GmbH	Mosbach, Germany	38.14	EUR	0	0
BEHAG Bauelemente Gesellschaft mit beschränkter Haftung	Baden-Baden, Germany	31.54	EUR	0	0
Betonmortel Grevelingen B.V.	Zierikzee, Netherlands	50.00	EUR	1	0
Betonmortelcentrale De Mark B.V.	Breda, Netherlands	28.57	EUR	1	0
Betonmortelfabriek Tilburg Bemoti B.V.	Tilburg, Netherlands	38.67	EUR	0	0
Betonpumpen-Service Niedersachsen Verwaltungs-GmbH	Hannover, Germany	50.00	EUR	0	0
Betuwe Beton Holding B.V.	Tiel, Netherlands	50.00	EUR	6	1
Beuschlein Verwaltung-GmbH	Randersacker, Germany	28.50	EUR	0	0
Cotrano B.V.	Rotterdam, Netherlands	7.41	EUR	8	4
Cugla B.V.	Breda, Netherlands	50.00	EUR	5	3
DONAU MÖRTEL-Verwaltungs-GmbH	Passau, Germany	50.00	EUR	0	0
Eemshaven Betoncentrale V.O.F.	Groningen, Netherlands	33.16	EUR	0	0
Eemsmond Betoncentrale B.V.	Veend, Netherlands	50.00	EUR	2	0
Europomp B.V.	Heer, Netherlands	47.25	EUR	1	0
Gebrüder Willersinn Industriesandwerk Verwaltungsgesellschaft mit beschränkter Haftung	Raunheim, Germany	33.33	EUR	0	0
Gottåsa Fastighets AB	Grimslöv, Sweden	50.00	SEK	4	4
Greystone Ambient & Style GmbH & Co. KG	Lingenfeld, Germany	45.00	EUR	0	0
Greystone Ambient & Style Verwaltungsgesellschaft mbH	Lingenfeld, Germany	45.00	EUR	0	0
H S Hartsteinwerke GmbH	Pinswang, Austria	30.00	EUR	0	0
Hafenbetriebs- und Beteiligungs-GmbH, Stade	Stade, Germany	50.00	EUR	0	0

Company name	Corporate seat	Group owner-ship %	Cur-rency	Equity in million	Net in-come in million
Hausgesellschaft des Vereins Deutscher Zementwerke mit beschränkter Haftung	Düsseldorf, Germany	33.16	EUR	0	0
Hormigones Mecanizados, S.A.	Palma de Mallorca, Spain	25.00	EUR	0	0
HSL Noord-Brabant 5-B v.o.f.	Oosterhout, Netherlands	20.00	EUR	0	0
ISAR-DONAU MÖRTEL-Verwaltungs-GmbH	Plattling, Germany	33.33	EUR	0	0
Joyce Green Aggregates Limited	Dartford, United Kingdom	50.00	GBP	0	0
KANN Beton Verwaltungsgesellschaft mbH	Bendorf, Germany	50.00	EUR	0	0
KVB Verwaltungs- und Beteiligungs-GmbH	Karlsdorf-Neuthard, Germany	24.80	EUR	0	0
Martin Milch Gesellschaft mit beschränkter Haftung	Ochtendung, Germany	30.00	EUR	0	0
MDF Mörtel-Dienst Franken Verwaltungs-GmbH	Nürnberg, Germany	26.52	EUR	0	0
Meier Verwaltungs GmbH	Claußnitz, Germany	50.00	EUR	0	0
Mittelschwäbische Transport- und Frischbeton Gesellschaft mit beschränkter Haftung	Thannhausen, Germany	20.00	EUR	0	0
Mortel Produktie Vianen (MPV) B.V.	Utrecht, Netherlands	50.00	EUR	0	0
MWK Kies Verwaltungs-GmbH	Kressbronn, Germany	20.00	EUR	0	0
Nordhafen Stade-Bützfleth Verwaltungsgesellschaft mbH	Stade, Germany	25.00	EUR	0	0
NORMENSAND GMBH	Beckum, Germany	48.37	EUR	2	1
NSI-Holland B.V.	Wessem, Netherlands	45.00	EUR	1	0
Otterbein Gesellschaft mit beschränkter Haftung	Großenlüder, Germany	20.00	EUR	0	0
Recyfuel S.A.	Bruxelles, Belgium	50.00	EUR	13	1
Rhein-Neckar-Mörtel Verwaltungs-GmbH i.L.	Bruchsal, Germany	23.04	EUR	0	0
Roca Beton V.O.F.	Tilburg, Netherlands	50.00	EUR	0	0
Saarfilterasche-Vertriebs-Gesellschaft mit beschränkter Haftung	Baden-Baden, Germany	30.00	EUR	0	0
Schmitt Beton GmbH & Co. KG	Markt Schwaben, Germany	27.79	EUR	1	0
Schwaben Mörtel Beteiligungs GmbH	Stuttgart, Germany	28.21	EUR	0	0
Shire Business Park Limited	London, United Kingdom	50.00	GBP	0	0
Südkalk - Vertriebsgesellschaft mit beschränkter Haftung	Freiburg i. Breisgau, Germany	50.00	EUR	0	0
TBG Bayerwald Verwaltungs-GmbH	Straubing, Germany	50.00	EUR	0	0
TBG Eck Verwaltungsgesellschaft mbH	Bad Windsheim, Germany	28.50	EUR	0	0
TBG Gersdorfer Transportbeton GmbH & Co. KG	Gersdorf, Germany	30.00	EUR	0	0
TBG Gersdorfer Transportbeton Verwaltungs- und Beteiligungs-GmbH	Gersdorf, Germany	30.00	EUR	0	0
TBG KANN Beton Guben Verwaltungs-GmbH	Guben, Germany	50.00	EUR	0	0
TBG Pegnitz-Beton Verwaltungs-GmbH	Hersbruck, Germany	25.61	EUR	0	0
TBG Saale-Beton Verwaltungsgesellschaft mbH	Hammelburg, Germany	29.07	EUR	0	0
TBG Transportbeton Bad Mergentheim Verwaltungs-GmbH	Bad Mergentheim, Germany	37.96	EUR	0	0
TBG Transportbeton Caprano Verwaltungs-GmbH	Pirmasens, Germany	50.00	EUR	0	0
TBG Transportbeton Glöckle Verwaltungs-GmbH	Grafenrheinfeld, Germany	31.35	EUR	0	0
TBG Transportbeton Lohr Verwaltungsgesellschaft mbH	Lohr a. Main, Germany	50.00	EUR	0	0
TBG Transportbeton Meier Verwaltungs-GmbH	Wilkau-Haßlau, Germany	50.00	EUR	0	0
TBG Transportbeton Mittweida Verwaltungs-GmbH	Mittweida, Germany	40.00	EUR	0	0
TBG Transportbeton Oder-Spree Verwaltungs-GmbH	Wriezen, Germany	50.00	EUR	0	0
TBG Transportbeton Pfaffenhofen Verwaltungsgesellschaft mbH	Pfaffenhofen, Germany	35.40	EUR	0	0
TBG Transportbeton Schleiz Verwaltungs-GmbH	Schleiz, Germany	50.00	EUR	0	0
TBG Transportbeton Selb Verwaltungsgesellschaft mbH	Selb, Germany	33.33	EUR	0	0
TBG Transportbeton Verwaltungsgesellschaft mbH	Nabburg, Germany	50.00	EUR	0	0
TBG Transportbeton Werner Verwaltungsgesellschaft mbH	Dietfurt a.d. Altmühl, Germany	42.50	EUR	0	0
Tournai Ternaire S.A.	Tournai, Belgium	50.00	EUR	0	0
Transmix B.V.	Amsterdam, Netherlands	50.00	EUR	1	0
Transportbeton-Gesellschaft mit beschränkter Haftung Garant	Bad Salzuflen, Germany	23.33	EUR	0	0
Transportbetonunion Gesellschaft mit beschränkter Haftung	Werl, Germany	25.00	EUR	0	0
Van Zanten Holding B.V.	Zuidbroek, Netherlands	25.00	EUR	2	0
Verheul Westpoort B.V.	Amsterdam, Netherlands	25.00	EUR	1	0
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern, Germany	50.00	EUR	0	0
Vlissingse Transportbeton Onderneming B.V.	Middelb, Netherlands	50.00	EUR	2	1
Westland Beton B.V.	Vlaar, Netherlands	50.00	EUR	1	0
WIKING Baustoff- und Transport Gesellschaft mit beschränkter Haftung	Soest, Germany	50.00	EUR	0	0
Woerdense Betonmortel Centrale B.V.	Utrecht, Netherlands	50.00	EUR	0	0

Company name	Corporate seat	Group owner-ship %	Cur-rency	Equity in million	Net in-come in million
Immaterial associates and joint ventures a)					
Eastern Europe-Central Asia					
ASDAG Kavicsbanya es Epitö Kft.	Janossomorja, Hungary	48.68	HUF	1,202	78
Asdeka Kft.	Hegyeshalom, Hungary	24.34	HUF	16	-12
Bukhtarma Teplo Tranzit LLP	New Bukhtarma village, Kazakhstan	20.00	KZT	-30	0
LOMY MORINA spol. s r.o.	Morina, Czech Republic	48.95	CZK	363	0
RS Czech Republic, s.r.o.	Kraluv Dvur, Czech Republic	37.50	CZK	3	2
Velkolom Certovy schody, akciova spolecnost	Tman, Czech Republic	50.00	CZK	202	2
Immaterial associates and joint ventures a)					
North America					
Cornerstone Partners I, LLC **)	Reno, USA	50.00	USD	0	0
CPC Terminals, Inc **)	Sacramento, USA	50.00	USD	0	0
Petreos del Pacifico, S.A. de C.V.	Tijuana, Mexico	50.00	MXN	-187	-59
Transportadora Maritima de Baja California, S.A. de C.V.	Tijuana, Mexico	50.00	MXN	35	-7
Immaterial associates and joint ventures a)					
Asia-Pacific					
Diversified Function Sdn Bhd	Kuala Lumpur, Malaysia	50.00	MYR	0	0
Immaterial associates and joint ventures a)					
Africa-Mediterranean Basin					
Union Cement Norcem C.o. (W.L.L.)	Ras Al Khaimah, United Arab Emirates	40.00	AED	4	21

*) The company makes use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code.
**) Result before taxes, taxation takes place at Lehigh Hanson, Inc.
a) Amounts according to latest available financial statements.
1) Controlling influence through contractual arrangements and/or legal regulations
2) Absence of controlling influence through contractual arrangements and/or legal regulations
3) Absence of joint control through contractual arrangements and/or legal regulations

Heidelberg, 16 March 2011

HeidelbergCement AG

The Managing Board

Audit Opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the HeidelbergCement AG, Heidelberg, comprising the income statement, the statement of recognized income and expense, the cash flow statement, the balance sheet, the statement of changes in equity and the notes to the consolidated financial statements, together with the combined group management report of HeidelbergCement Group and HeidelbergCement AG for the fiscal year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and supplementary provisions of articles of incorporation and bylaws are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, 16 March 2011

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Somes
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report of HeidelbergCement AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 16 March 2011

HeidelbergCement AG

The Managing Board

Bernd Scheifele

Dr. Bernd Scheifele

Andreas Kern

Dr. Dominik von Achten

Lorenz Näger

Dr. Lorenz Näger

Daniel Gauthier

Dr. Albert Scheuer

Additional Information

Additional Information

Global functions and Country Managers

Global functions

Group functions	
Böttcher, Henner	Director Group Treasury
Jordanoff, Plamen	Director Group Strategy & Development and Cementitious
Kozelka, Rolf	Director Group Tax
Russell, Matthew	Director Group Reporting, Controlling & Consolidation
Schaffernak, Dr. Ingo	Director Group Legal
Schaller, Andreas	Director Group Communication & Investor Relations
Schnurr, Andreas	Director Group Human Resources and Group Compliance
Schwind, Klaus	Director Group Shared Service Centers
Sijbring, Henk	Director Group Purchasing
Standhaft, Dr. Wolfgang	Director Group Information Technology
Vandenberghe, Marc	Director Group Insurance & Corporate Risk Management
Weingardt, Stefan	Director Group Internal Audit

Heidelberg Technology Center (HTC)	
Jelito, Ernest	Director HTC Global and Director Manufacturing & Engineering Central Europe-Central Asia and Head of HTC Central Europe-Central Asia
Tomlinson, Stuart	Senior Vice President Manufacturing & Engineering, President HTC North America
Fritz, Daniel	Director Manufacturing & Engineering Asia-Oceania and Head of HTC Asia-Oceania
Gupta, Akhilesh	Director Manufacturing & Engineering TEAM and Head of HTC TEAM

Competence Center Materials (CCM)	
Mühlbeyer, Gerhard	Director Global Competence Center Materials

Global Environmental Sustainability	
Mathieu, Bernard	Director Global Environmental Sustainability

Global Sales & Marketing	
Oerter, Gerald	Director Global Sales & Marketing

Country Managers

Western and Northern Europe		
Baltics/Denmark/Norway/Sweden	Syvertsen, Gunnar	General Manager Northern Europe
Belgium/Netherlands	Jacquemart, André	General Manager Benelux
Germany	Seitz, Gerhard	General Manager Germany until 31 August 2011
	Knell, Christian	General Manager Germany from 1 September 2011
United Kingdom	O'Shea, Patrick	Chief Executive Officer UK

Eastern Europe-Central Asia		
Bosnia & Herzegovina	Muidza, Branimir	Country Manager Bosnia & Herzegovina
Czech Republic	Hrozek, Jan	General Manager Czech Republic
Georgia	Hampel, Michael	General Manager Georgia
Hungary	Szarkándi, János	General Manager Hungary
Kazakhstan	Kempe, Roman	General Manager Kazakhstan
Poland	Balcerek, Andrzej	General Manager Poland
Romania	Aldea, Dr. Florian	General Manager Romania
Russia	Knell, Christian	General Manager Russia until 31 August 2011
	Polendakov, Mihail	General Manager Russia from 1 September 2011
Ukraine	Oklestek, Karel	General Manager Ukraine

North America	
Harrington, Dan	Chief Executive Officer USA
Derkatch, Jim	Regional President Canada
Hahne, Clifford	Regional President South
Saragusa, Kari	Regional President West
Purcell, Jim	Regional President North
Capelli, Tom	President Building Products

Asia–Pacific		
China	Bogdan, Ludek	Chief Operating Officer China
India	Guha, Ashish	Chief Executive Officer India
Indonesia/Bangladesh/Brunei/Malaysia	Lavallé, Daniel	Chief Executive Officer South East Asia
Australia	Gluskie, Kevin	Chief Executive Officer Australia

Africa-Mediterranean Basin		
Africa	Junon, Jean-Marc	Chief Operating Officer
Israel	Priel, Eliezer	Country Manager Israel
Mediterranean Basin/HC Trading	Adigüzel, Emir	Chief Operating Officer Mediterranean Basin & Middle East and HC Trading
Spain	Ortiz, Jesus	Country Manager Spain

Glossary and index [1)]

Aggregates

Aggregates in the form of sand, gravel and crushed rock are used principally for concrete manufacturing or for road construction and maintenance.

Alternative fuels

Combustible substances and materials used in place of fossil fuels in the clinker-burning process.

Alternative raw materials

By-products or waste from other industries, whose chemical components make them suitable substitutes for natural raw materials. Alternative raw materials are used both in the production of clinker, the most important intermediate product in cement production, and as additives in cement grinding, in order to conserve natural raw material resources and reduce the proportion of energy-intensive clinker in cement, the end product. By using alternative raw materials and fuels, HeidelbergCement is actively contributing to the preservation of resources as well as to waste management and recycling.

Asphalt

Asphalt is manufactured from a mixture of graded aggregates, sand, filler and bitumen. It is used primarily for road construction and maintenance.

Biodiversity

Biodiversity or biological diversity is the genetic diversity within species, diversity between species and diversity of ecosystems.

Blast furnace slag

Finely ground, glassy by-product from steel production. Additive for cement.

Cement

Cement is a hydraulic binder, i.e. a finely ground inorganic material that sets and hardens by chemical interaction with water and that is capable of doing so also under water. Cement is mainly used to produce concrete. It binds the sand and gravel into a solid mass.

Cement mill

Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is ground into cement, with the addition of gypsum and anhydrite, as well as other additives, such as limestone, blast furnace slag or fly ash, depending on the type of cement.

Cement Sustainability Initiative

HeidelbergCement is a founding member of the Cement Sustainability Initiative (CSI), an association of 23 leading cement manufacturers worldwide to promote sustainable development under the auspices of the World Business Council for Sustainable Development (WBCSD).

Clinker (cement clinker)

Intermediate product in the cement production process that is made by heating a finely-ground raw material mixture to around 1,450° C in the cement kiln. For the manufacture of cement, the greyish-black clinker nodules are extremely finely ground. Clinker is the main ingredient in most cement types.

Commercial Paper

Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs.

Composite cement p. 106, 109 f.

In composite cements, a proportion of the clinker is replaced with alternative raw materials, usually by-products from other industries, such as blast furnace slag or fly ash. Decreasing the proportion of energy-intensive clinker in cement is of critical importance for reducing energy consumption and CO_2 emissions as well as for preserving natural raw materials.

Concrete

Building material that is manufactured by mixing cement, aggregates (gravel, sand or crushed stone) and water.

Euro Medium Term Note (EMTN) programme p. 37, 72, 116, 195

An EMTN programme represents a framework agreement made between the company and the banks appointed to be dealers. HeidelbergCement has the option of issuing debenture bonds up to a total volume of EUR 10 billion under its EMTN programme.

Fly ash p. 110

Solid, particulate combustion residue from coal-fired power plants. Additive for cement.

Grinding plant p. 60, 76, 115

A grinding plant is a cement production facility without clinker-burning process. Delivered clinker and selected additives, depending on the type of cement, are ground into cement. Grinding plants are particularly operated at locations where suitable raw material deposits for cement production are not available.

Net financial liabilities p. 23, 45, 66, 69 ff., 77, 88, 114, 116, 204 f.

The sum of all non-current and current financial liabilities minus cash and cash equivalents, short-term investments and short-term derivatives. Synonyms: net debt, net indebtedness, net liabilities.

Rating (credit rating) p. 37 f., 45, 75, 87, 116, 201 f.

Classification of the credit standing of debt instruments and their issuers. Specialised agencies such as Standard & Poor's, Fitch Ratings and Moody's produce such ratings. Ratings range from AAA or Aaa as the highest credit standing to C or D as the lowest.

Ready-mixed concrete

Concrete that is manufactured in a ready-mixed concrete facility and transported to the building site using ready-mix trucks.

Sustainability p. 43, 93 f., 96 f., 102, 104 ff., 117, 129, 135

Sustainable development signifies a development that fulfils the economic, ecological and social needs of people alive today without endangering the ability of future generations to fulfil their own needs.

Syndicated loan p. 28, 37, 50, 71 f., 74 ff., 80, 88 f., 114, 116, 175, 180, 195

Large-sized loan which is distributed ("syndicated") among several lenders for the purpose of risk spreading.

World Business Council for Sustainable Development p. 104 f.

HeidelbergCement is a member of the World Business Council for Sustainable Development (WBCSD), a cooperation of around 200 international companies who have made a commitment to the idea of sustainable development on the basis of sustainable growth, ecological equilibrium and social progress.

1) The index indicates the main references

Imprint

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Concept and realisation

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abcdruck GmbH, Heidelberg, Germany

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HeidelbergCement photo archives

Translation of the Annual Report 2010. The German version is binding.

Copies of the 2010 accounts of HeidelbergCement AG and further information are available on request. Kindly find this annual report and further information about HeidelbergCement on the Internet: www.heidelbergcement.com

Contact:

Group Communication

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

Investor Relations

Phone:
Institutional investors USA and UK: +49 6221 481-925
Institutional investors EU and rest of the world: +49 6221 481-9568
Private investors: +49 6221 481-256
Fax: +49 6221 481-217
E-mail: ir-info@heidelbergcement.com

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Promotion of sustainable forest management – more information under www.pefc.org

← HeidelbergCement in the world – cement capacities and aggregates reserves

Financial calendar 2011	
Interim Report January to March 2011	5 May 2011
Annual General Meeting	5 May 2011
Half-Year Financial Report January to June 2011	29 July 2011
Interim Report January to September 2011	3 November 2011

HeidelbergCement in the world – cement capacities and aggregates reserves

Cement capacities	Million tonnes
Western and Northern Europe	
Belgium	4.2
Estonia	1.3
Germany	12.7
Netherlands	4.6
Norway	1.7
Sweden	3.2
United Kingdom	6.0
	33.6
Eastern Europe-Central Asia	
Bosnia-Herzegovina [1]	0.4
Czech Republic	2.2
Georgia	1.6
Hungary [1]	1.6
Kazakhstan	1.6
Poland	5.0
Romania	6.1
Russia	3.0
Ukraine	5.6
	27.2
North America	
US [1]	11.3
Canada	2.4
	13.8
Asia-Pacific	
Bangladesh	1.5
Brunei	0.4
China [1]	7.2
India	3.3
Indonesia	18.6
Australia [1]	1.1
	32.1
Africa-Mediterranean Basin	
Benin	0.3
DR Congo	0.6
Gabon	0.4
Ghana	2.6
Liberia	0.2
Sierra Leone	0.7
Tanzania	1.4
Togo	0.7
Turkey [2]	3.0
	9.8
HeidelbergCement total	**116.4**

1) Proportionately included cement capacities

Aggregates reserves [2]	Billion tonnes
Western and Northern Europe	3.4
Eastern Europe-Central Asia	1.0
North America	13.2
Asia-Pacific	1.3
Africa-Mediterranean Basin	0.5
HeidelbergCement total	**19.3**

2) Owned and leased reserves

HeidelbergCement is member of:

World Business Council for Sustainable Development

econsense Forum Nachhaltige Entwicklung

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