Half-Year Financial Report
January to June 2016

HEIDELBERGCEMENT

- Growth in sales volumes of cement, aggregates, and ready-mixed concrete
- Group revenue almost stable at €6.4 billion (like-for-like [1] +0.7 %)
- Operating income improved by 9.9 % to €739 million (previous year: 672; like-for-like [1] +14.9 %)
- Margin improvement in all business lines
- Net debt reduced to €5.9 billion (previous year: 6.3)
- Outlook for 2016 confirmed:
  - Positive outlook for the global economy; geopolitical and macroeconomic risks remain
  - Increase in sales volumes of cement, aggregates, and ready-mixed concrete expected
  - Moderate rise in revenue [1] and high single to double digit increase in operating income [1] and profit for the financial year [2]
  - Conclusion of the Italcementi takeover in the second half of 2016
  - HeidelbergCement well positioned to benefit from the recovery in mature markets, particularly in the USA, Northern Europe, and Australia

1) Adjusted for currency and consolidation effects; 2) Adjusted for non-recurring items

Overview January to June 2016	April - June		January - June	
€m	2015	2016	2015	2016
Revenue	3,635	3,575	6,470	6,407
Result from joint ventures	50	50	88	81
Operating income before depreciation (OIBD)	752	791	1,052	1,112
OIBD margin in %	20.7 %	22.1 %	16.3 %	17.4 %
Operating income	557	601	672	739
Additional ordinary result	-5	-12	11	-16
Result from participations	14	11	8	6
Earnings before interest and income taxes (EBIT)	566	599	691	728
Profit before tax	439	493	406	507
Net income from continuing operations	331	398	264	376
Net income/loss from discontinued operations	-9	-12	-22	-22
Profit for the period	322	385	242	354
Group share of profit	271	318	148	246
Investments	218	187	406	444

Due to rounding, numbers presented in the Half-Year Financial Report may not add up precisely to the totals provided.

Interim Group management report

Business trend January to June 2016

Changes in the reporting structure

Starting with the first quarter of 2016, we have reorganized our Group areas and thus the reporting structure. The changes were decided in the context of the generation change on the Managing Board and the intended acquisition of Italcementi. HeidelbergCement is divided into six Group areas:

- Western and Southern Europe: Belgium, Germany, Netherlands, United Kingdom, and Spain
- Northern and Eastern Europe-Central Asia: Denmark, Iceland, Norway, Sweden, and the Baltic States as well as Bosnia-Herzegovina, Croatia, Czech Republic, Georgia, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, and Ukraine
- North America: Canada and USA
- Asia-Pacific: Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Australia
- Africa-Eastern Mediterranean Basin: Benin, Burkina Faso, DR Congo, Ghana, Liberia, Mozambique, Sierra Leone, Tanzania, Togo, as well as Israel and Turkey
- As before, Group Services comprise our trading activities.

The only changes concern the shift of the northern European countries from the former Western and Northern Europe Group area to Northern and Eastern Europe-Central Asia and of Spain from the former Africa-Mediterranean Basin Group area to Western and Southern Europe.

Economic environment

The world economy continues to grow, albeit in a subdued manner. The national economies of Asia and the African countries south of the Sahara remain on course for growth. In Europe, the moderate recovery is continuing. In the USA, there are signs that the economy has regained momentum following the weak first quarter.

Sales volumes in the first half of the year benefit from the positive market environment in Europe, the USA, and Australia

In the first half of the year, Group-wide deliveries of cement, aggregates, and ready-mixed concrete increased. The positive market environment, particularly in Europe, the United States, and Australia, made a significant contribution to this growth.

The Group's cement and clinker sales volumes rose by 2.9 % to 39.9 million tonnes (previous year: 38.8). The highest volume increase was achieved by the Northern and Eastern Europe-Central Asia Group area, followed by Western and Southern Europe and North America. In Asia, deliveries remained at around the previous year's level with a marginal increase, while they decreased slightly in Africa.

Deliveries of aggregates across the Group rose by 4.4% to 118.4 million tonnes (previous year: 113.4). Excluding consolidation effects, the increase amounted to 2.7 %. Higher sales volumes, particularly in Australia, the United States, Germany, and Poland, contributed to this development. Deliveries of ready-mixed concrete rose slightly by 2.9 % to 17.9 million cubic metres (previous year: 17.4). Adjusted for consolidation effects, the increase amounted to 1.7 %. Asphalt sales volumes fell by 2.0 % to 4.0 million tonnes (previous year: 4.0).

Sales volumes	April - June			January - June		
	2015	2016	Change	2015	2016	Change
Cement and clinker (million tonnes)	21.9	**22.3**	1.6 %	38.8	**39.9**	2.9 %
Aggregates (million tonnes)	67.1	**69.1**	2.9 %	113.4	**118.4**	4.4 %
Ready-mixed concrete (million cubic metres)	9.6	**10.0**	4.2 %	17.4	**17.9**	2.9 %
Asphalt (million tonnes)	2.5	**2.6**	4.2 %	4.0	**4.0**	-2.0 %

Development of revenue and results

Group revenue in the period from January to June 2016 remained virtually unchanged at €6,407 million (previous year: 6,470). Excluding consolidation and exchange rate effects, a slight increase of 0.7 % was recorded. This primarily reflects the pleasing development of sales volumes in all business lines. Changes to the scope of consolidation of €128 million had a positive impact on revenue. Exchange rate effects, however, reduced revenue by €235 million.

In the reporting period, material costs decreased by 7.0 % to €2,531 million (previous year: 2,722). This decline primarily related to energy costs, raw materials, and goods purchased for resale. The material cost ratio improved considerably from 42.1 % to 39.5 %. Other operating expenses and income were 0.5 % above the previous year's level at €-1,656 million (previous year: -1,648), largely as a result of increased third-party repairs and services as well as higher rental and leasing expenses, combined with a decline in freight. Personnel costs rose slightly by 1.9 % to €1,159 million (previous year: 1,137). Income from joint ventures fell by 8.2 % to €81 million (previous year: 88), essentially owing to a negative business development in the Chinese markets.

Operating income before depreciation (OIBD) improved by 5.8 % to €1,112 million (previous year: 1,052). The increase of €60 million included €97 million from the improvement in operational activity and €-37 million from negative currency effects. Operating income rose substantially by 9.9 % to €739 million (previous year: 672).

The additional ordinary result deteriorated by €27 million to €-17 million (previous year: 11).

The financial result improved by €64 million to €-221 million (previous year: -285). Besides the reduction of €32 million in interest expenses, the financial result was affected by the improvement of €23 million in currency results and the decrease of €20 million in interest from financial derivatives, which are included in the other financial result.

Profit before tax from continuing operations rose significantly by €101 million to €507 million (previous year: 406). Expenses relating to taxes on income decreased by €11 million to €131 million (previous year: 142). As a result, net income from continuing operations improved to €376 million (previous year: 264).

Net loss from discontinued operations of €-22 million accounts for operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period adds up to €354 million (previous year: 242). The profit attributable to non-controlling interests increased by €14 million to €108 million (previous year: 94). The Group share therefore amounts to €246 million (previous year: 148).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.52 to €1.31 (previous year: 0.79).

The statement of comprehensive income and the derivation of the earnings per share are shown in detail in the Notes.

Statement of cash flows

In the first half of 2016, the cash inflow from operating activities of continuing operations increased by €181 million to €214 million (previous year: 33). This was mainly attributable to an improved operational performance, which led to an increase of €111 million in the cash flow before interest and tax payments to €1,198 million (previous year: 1,087).

Dividends received slightly exceeded the previous year's level at €112 million (previous year: 105) and mainly include payouts received from joint ventures and associates. Interest received remained almost unchanged in comparison with the same period of the previous year. Interest payments fell by €41 million to €264 million (previous year: 305), essentially as a result of the decrease in net debt. At €197 million (previous year: 236), income taxes paid were €39 million lower in comparison with the same period of the previous year. Changes in working capital improved by €78 million to €-377 million (previous year: -455). In the reporting period, provisions of €196 million (previous year: 110) were utilised through payments. This higher utilisation was essentially due to the endowment of a Group contractual trust agreement (CTA) of €51 million for the insolvency protection of pension entitlements.

Net cash used in investing activities of continuing operations rose by €22 million to €373 million (previous year: 351). This surge is most notably due to the acquisition of the business of Rocla Quarry Products (RQP) in Australia in exchange for a cash payment of €98 million. These factors were counteracted by lower investments in property, plant, and equipment.

Financing activities of continuing operations generated a cash inflow of €1,403 million (previous year: cash outflow of 867) in the reporting period. The cumulated cash inflow resulting from the proceeds from and repayments of bonds and loans, which amounted to €2,090 million (previous year: cash outflow of 125), primarily includes the issue of two bonds with a total volume of €1.75 billion, debt certificates of €645 million, and the repayment of a bond of €300 million as well as of the syndicated credit line in use. The changes in current financial liabilities relate largely to outflows from repayments of commercial papers and bank loans. Dividend payments led to an overall cash outflow of €317 million (previous year: 350), with HeidelbergCement AG dividend payments making up €244 million (previous year: 141) of this figure.

The cash inflows and outflows during the previous year from operating activities as well as from investing and financing activities of discontinued operations relate to the sale of the building products business in North America and the United Kingdom in March 2015.

Investments

Cash flow investments increased in the first half to €444 million (previous year: 406). Investments in property, plant, and equipment, including intangible assets, which primarily related to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for €326 million (previous year: 385) of this total. Investments in financial assets and other business units rose to €118 million (previous year: 21); these related primarily to the purchase of the Australian aggregates company Rocla Quarry Products and smaller acquisitions to round off shareholdings.

Balance sheet

The balance sheet total rose by €1,065 million to €29,439 million (previous year: 28,374) as at 30 June 2016.

Non-current assets fell by €411 million to €23,257 million (previous year: 23,668). The decrease mainly resulted from exchange rate effects of €-578 million. The decline of €296 million in goodwill to €9,884 million (previous year: 10,181) almost exclusively related to exchange rate effects. The change of €-206 million in property, plant, and equipment to €9,665 million (previous year: 9,871) was also largely attributable to exchange rate effects of €-181 million. Additions of €319 million to property, plant, and equipment were offset by depreciation and amortisation of €360 million. The change of €-47 million in financial assets to €1,785 million (previous year: 1,832) relates primarily to the decrease of €111 million in investments in joint ventures and the increase of €67 million in loans.

Current assets rose by €1,473 million to €6,180 million (previous year: 4,707). As a result of seasonal factors, inventories fell by €50 million to €1,394 million (previous year: 1,444). In contrast, trade receivables increased by €315 million to €1,529 million (previous year: 1,215) because of seasonal influences. Cash and cash equivalents rose by €1,248 million to €2,598 million (previous year: 1,350), mainly as a result of the issue of new bonds amounting to €1,750 million. This was counteracted by the repayment of a bond of €300 million and the syndicated credit line in use of €116 million. The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity decreased by €599 million to €15,377 million (previous year: 15,976). The decrease is primarily attributable to the total comprehensive income of €-280 million and the dividend payments of €317 million. The comprehensive income is composed of the €354 million profit for the period as well as of the currency translation differences of €-657 million recognised in other comprehensive income and of the actuarial gains of €24 million.

Interest-bearing liabilities rose by €1,808 million to €8,520 million (previous year: 6,712). This is largely due to the issue of new bonds. Overall, net debt (interest-bearing liabilities less cash and cash equivalents) increased by €579 million to €5,865 million (previous year: 5,286). Total provisions decreased by €38 million to €2,385 million (previous year: 2,423), mainly as a result of exchange rate effects. The reduction of €86 million in operating liabilities to €2,741 million (previous year: 2,827) is primarily attributable to the decline of €66 million in other current operating liabilities to €1,025 million (previous year: 1,091) in addition to the decrease of €30 million in current liabilities from income taxes to €88 million (previous year: 118).

Financing

In the first half of 2016, HeidelbergCement issued debt certificates and two Eurobonds, thereby further strengthening its financing structure.

On 14 January 2016, HeidelbergCement placed debt certificates in the amount of €625 million. On 4 February 2016, the volume was increased by €20 million to €645 million. The debt certificates, with a maturity date of 20 January 2022, consist of two tranches: one tranche with a floating rate and the other with a fixed rate. The fixed rate tranche yields at 1.85 % p.a. and the floating tranche at 1.5 % p.a. over 6 months Euribor.

On 30 March 2016, HeidelbergCement issued a Eurobond under its €10 billion EMTN Programme with an issue volume of €1 billion and a maturity date of 30 March 2023. The 7 year bond bears a fixed coupon of 2.25 % p.a. The issue price was at 99.616 %, resulting in a yield to maturity of 2.31 %.

On 3 June 2016, HeidelbergCement issued a further Eurobond of €750 million under the EMTN Programme. The 8 year bond with a maturity date of 3 June 2024 bears a fixed coupon of 2.25 % p.a. The issue price was at 98.963 %, resulting in a yield to maturity of 2.394 %.

The proceeds of the debt certificates and the Eurobonds will be utilised to pre-fund the Italcementi acquisition. Thereby the volume of the bridge financing is reduced from €3.3 billion to the minimum volume required for the mandatory takeover offer of €2 billion. The refinancing needs for the Italcementi acquisition are largely covered.

According to the terms and conditions of all the bonds issued since 2009 and the debt certificates issued in December 2011 and January 2016, 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 €2,699 million and the consolidated interest expense of €506 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 June 2016, the consolidated coverage ratio amounted to 5.33.

The net debt decreased by €466 million in comparison with 30 June 2015, amounting to €5,865 million (previous year: 6,331) as at 30 June 2016. The increase of €579 million in comparison with the end of 2015 is primarily due to the rise in working capital, related to seasonal factors.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €5,448 million as at the end of June 2016.

Western and Southern Europe

The economic recovery has continued in the countries of the Western and Southern Europe Group area. The German economy is experiencing a renewed upswing thanks to the good state of the domestic demand and the labour market as well as the drop in the oil price. The economic recovery is also ongoing in Belgium and the Netherlands. In the United Kingdom, economic growth exceeded expectations in the second quarter of 2016 with a rate of 0.6 %. In Spain, the economy remains on its growth course; however, as a result of the political uncertainty in the run-up to the elections, many private and public construction projects have been delayed.

In the cement business line, slight decreases in volumes in the United Kingdom are more than offset by increases in sales volumes in Germany and Benelux. In the United Kingdom, cement demand remains high thanks to the positive development in residential construction and large infrastructural projects in the Greater London area. However, production downtimes due to the storms in February and decreased deliveries of ground blast furnace slag led to a slight drop in our sales volumes. Deliveries from our German plants benefited from the pleasing development in demand, especially in residential and road construction. Our sales volumes also increased in Benelux thanks to the market recovery particularly in the Netherlands. Overall, our cement and clinker sales volumes in the Western and Southern Europe Group area increased by 5.0 % in the first six months to 8.0 million tonnes (previous year: 7.6).

In the aggregates business line, a strong growth in sales volumes in Germany compensated for declines in volumes in Benelux and Spain. The previous year's level was marginally exceeded in the United Kingdom. The Group area's deliveries of aggregates were flat at 27.2 million tonnes (previous year: 27.2).

Ready-mixed concrete sales volumes rose by 8.1 % to 5.7 million cubic metres (previous year: 5.3). Increases in sales volumes in Germany, Benelux, and Spain more than offset the slight decline in volumes in the United Kingdom. Due to unfavourable weather conditions in the United Kingdom and delayed highway spending, the sales volumes of the asphalt operating line were 10.1 % below the previous year.

Revenue of the Western and Southern Europe Group area fell by 1.2 % to €1,562 million (previous year: 1,581). Excluding consolidation and exchange rate effects, an increase of 4.8 % was recorded.

Northern and Eastern Europe-Central Asia

The economic development of the countries in the Northern and Eastern Europe-Central Asia Group area presents a mixed picture. In Sweden, construction activity has benefited from robust economic development, particularly in residential construction. In Norway, however, the economic momentum has weakened due to the deterioration of the oil price, but demand from major infrastructural projects remains strong. In Poland, economic recovery is continuing; demand for building materials is stable. In the Czech Republic, construction activity has slowed down in spite of economic growth. The Romanian economy is also on a course for growth, but there is still a lack of infrastructural projects. In Kazakhstan, the low oil price is adversely affecting the economy and construction activity. The conflict in Ukraine is severely impairing the Ukrainian and Russian economies, especially due to the outflow of capital and the currency devaluation in both countries. The economic situation in Ukraine is likely to stabilise to some extent in the current year. Owing to the low oil price, the Russian economy is still in recession.

In the cement business line, our deliveries increased in almost all countries during the first half of the year. Only the Baltic States registered significant decreases in volumes; in Kazakhstan, sales volumes remained at the previous year's level. The strongest increases in deliveries were achieved in Norway, Romania, and Ukraine. Our volumes also rose in Russia, particularly as a result of increased deliveries of the Tula plant in the Greater Moscow area. The other countries recorded an overall positive development of sales volumes. The cement and clinker sales volumes of the Northern and Eastern Europe-Central Asia Group area increased by 4.6 % to 10.5 million tonnes (previous year: 10.1) in the first half of the year.

In the aggregates business line, the individual Group countries experienced varied development of sales volumes. Ukraine, Slovakia, and the Czech Republic recorded in part heavy volume losses. In the countries of Northern Europe, total sales volumes declined moderately. In contrast, Poland and Kazakhstan achieved double-digit percentage increases. Russia also recorded significant growth. As a whole, our deliveries of aggregates in the Group area fell by 3.0 % to 13.9 million tonnes (previous year: 14.4). Excluding consolidation effects, the decline amounted to 4.7 %.

Deliveries of ready-mixed concrete rose by 11.4 % to 2.8 million cubic metres (previous year: 2.5). Adjusted for consolidation effects, deliveries increased by 3.1 %. Sweden, Romania and Ukraine recorded slight reductions in sales volumes. In Kazakhstan, deliveries remained well below the previous year. The Czech Republic recorded a moderate increase in volumes and Georgia, the Baltic States and particularly Poland achieved substantial growth. Seven ready-mixed concrete plants that were acquired in the previous year also contributed to the considerable increase in volumes in Poland.

Revenue of the Northern and Eastern Europe-Central Asia Group area rose by 11.0 % to €1,079 million (previous year: 972); excluding consolidation and exchange rate effects, revenue increased by 3.0 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic recovery is continuing after the weak first quarter. The labour market proves to be very robust. The unemployment rate increased to 4.9 % in June, but significantly more new jobs were created than expected. The upswing in residential construction is continuing. Housing Completions in June were 12.3 % above the May rate, and were 18.7 % above the June 2015 rate. Housing starts in June were at an annual rate of 1,189,000. This is 4.8 % above the previous month rate and 2.0 % below the June 2015 rate. Building permits were 1.5 % above the May rate, but were 13.6 % below the June 2015 rate.

The cement sales volumes of our North American plants grew by 4.7 % to 5.9 million tonnes (previous year: 5.6) in the first half of the year. In the Canada market region, the weak demand from the oil sector due to the low oil price became apparent in the Prairie provinces. Nevertheless, the lively construction activity in British Columbia partially offset the decreases in volumes. In the West market region, cement sales volumes in California were impaired by the weather phenomenon El Niño. However, substantial increases in volumes in the North region and particularly the South region more than compensated for the decline in sales volumes in Canada and the West market region. Price increases were successfully implemented in all key markets in both the United States and in Canada.

In the aggregates business line, decreases in sales volumes caused by inclement weather in the West region were offset by a strong growth in volumes in the North and West regions. Canada recorded moderate growth. Overall, the aggregates sales volumes rose by 8.3 % in the first half of the year to 53.8 million tonnes (previous year: 49.7). In the South and West regions, prices were increased substantially. In the ready-mixed concrete operating line, the deliveries of the South region were significantly impaired by the rainy weather in South Texas. In the North region, sales volumes also remained under the previous year's level. Deliveries of the Canada and West increased marginally. Overall, ready-mixed concrete sales volumes decreased by 2.4 % to 2.9 million cubic metres (previous year: 3.0). Asphalt deliveries rose by 17.1 % to 1.5 million tonnes (previous year: 1.2) mainly because of the strong demand in the North region.

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement remained marginally under the previous year's level owing to lower demand from the oil industry.

Total revenue in North America rose by 4.7 % to €1,717 million (previous year: 1,640); excluding consolidation and exchange rate effects, the increase amounted to 6.4 %.

Asia-Pacific

The emerging countries of Asia remain on course for growth. A slight recovery in economic momentum is expected this year, with the exception of China. The Chinese economy stabilised in the second quarter, with growth of 6.7 % in the gross domestic product. A slight increase in economic growth is anticipated in India and Indonesia. In both countries, the construction industry is benefiting from increasing expenditure on infrastructure. Despite declining investments in the raw materials sector, Australia registered robust economic development. The construction sector is benefiting from the lively activity in residential construction on the east coast.

During the first half-year, cement and clinker deliveries of the Asia-Pacific Group area were virtually stable, with marginal growth of 0.4 % to 11.7 million tonnes (previous year: 11.6). Supported by increasing infrastructure spending, domestic cement consumption in Indonesia rose in the first six months of 2016 by 2.6 % in comparison with the previous year. Indocement's domestic sales volumes declined by 3.7 %. The weaker development of sales volumes of Indocement in comparison with the market as a whole relates to the margin-oriented price policy of our subsidiary and also resulted from weak growth in the home markets. Jakarta recorded a decrease of 17 % and West Java marginal growth of 1 % only. The influx of new capacities that mostly are located in West Java has increased price competitive pressure; as a result, the average sales prices of Indocement were lower than those of the previous year. Export sales volumes more than doubled from a low level. Indocement anticipates an increase in domestic cement demand from the fourth quarter of 2016 onward based on recently issued tax amnesty that will enable the government to finance and continue the infrastructure programme and will cause its multiplier effect on the property sector. The new integrated production line at the Citeureup plant with a cement capacity of 4.4 million tonnes has been largely completed and is currently in the process of commissioning. The new production line with much lower production cost will greatly improve Indocement's competitive position.

In India, domestic cement consumption grew by approximately 9 % in the first half of 2016. The cement deliveries of our southern and central Indian plants rose by 4.9 %. Including clinker deliveries, sales volumes increased by 2.9 %. The more modest growth in sales volumes of HeidelbergCement India is related to the sustained weak demand in southern India. Sales prices rose considerably during the first half of the year, and on average were slightly above the previous year. In addition, lower variable costs contributed to a substantial increase in earnings.

In Bangladesh, our cement deliveries rose by a double-digit rate. Revenue and results improved substantially.

In the aggregates business line, the significant growth in sales volumes in Australia more than offset decreases in volumes in Malaysia. We also recorded a welcome increase in our deliveries of aggregates in Indonesia. Overall, sales volumes of aggregates rose by 5.9 % to 18.9 million tonnes (previous year: 17.9). Excluding consolidation effects, volumes declined by 3.3 %. To secure raw material reserves and strengthen our market position in Australia, we acquired the aggregates company Rocla Quarry Products (RQP) in January 2016. RQP operates twelve large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year.

In the ready-mixed concrete operating line, a moderate increase in volumes in Australia offset considerable declines in volumes in Indonesia and Malaysia. As a whole, deliveries of ready-mixed concrete fell by 2.8 % to 5.1 million cubic metres (previous year: 5.3). In the asphalt operating line, weak demand in Malaysia led to a decrease in sales volumes of 15.7 %.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi fell short of the previous year due to declining construction activity. In Australia, however, our joint venture Cement Australia registered a significant increase in sales volumes.

Revenue of the Asia-Pacific Group area fell by 8.3 % to €1,304 million (previous year: 1,422); excluding consolidation and exchange rate effects, the decline amounted to 5.2 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are continuing to experience solid economic development and lively construction activity. In Ghana, there are increasing signs of an economic recovery. In Turkey, the economic recovery that started in the fourth quarter of 2015 carried over into the first half of 2016 thanks to strong domestic demand.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which only includes the deliveries from our African subsidiaries, decreased slightly by 0.8 % to 3.8 million tonnes (previous year: 3.9). Excluding consolidation effects, the decline amounted to 1.7 %. In Togo, Tanzania, and Burkina Faso, our deliveries benefited from the new production capacities commissioned at the end of 2014 as well as from the sustained upswing in cement consumption. Benin and Sierra Leone also recorded increases in sales volumes. In Ghana, our deliveries remained below the previous year as a result of intense competition from domestic producers and increasing imports. In some countries, cement prices decreased – in some cases significantly – as a result of the increased competitive pressure, particularly from imports, and the commissioning of new production capacities by competitors. The falling cost of imported clinker partially offset the price pressure.

In April 2016, HeidelbergCement acquired 100 % of the shares of Austral Cimentos Sofala, SA (ACS) in Mozambique. ACS operates a cement grinding plant in Dondo, close to the seaport Beira, with an annual capacity of about 350,000 tonnes. With this acquisition, HeidelbergCement strengthens its market presence in south-eastern Africa.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. We are currently constructing a cement grinding plant with a capacity of around 250,000 tonnes in the north of Togo, which is scheduled for completion in the first half of 2017. Furthermore, we are expanding our cement capacity in Benin with the construction of an additional cement mill at the Cotonou grinding plant. The commissioning of the new mill with a capacity of 250,000 tonnes is also scheduled for 2017. In the Democratic Republic of Congo, we are constructing a new integrated production line in our Cimenterie de Lukala cement plant, which is located near the capital Kinshasa. With completion projected for the end of 2017, it will increase the cement capacity of the plant to 0.8 million tonnes. We are also evaluating options for capacity expansions in other African countries.

Aside from minor activities in Africa, HeidelbergCement is predominantly active in Israel in the aggregates business line. Deliveries of aggregates increased as a whole by 5.4 % to 4.6 million tonnes (previous year: 4.3). In the ready-mixed concrete-asphalt business line, HeidelbergCement is only represented in Israel. Sales volumes of ready-mixed concrete grew slightly by 0.8 % to 1.4 million cubic metres (previous year: 1.6). Asphalt activities recorded an increase in volumes of 11.7 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mix activities of our Turkish joint venture Akçansa. In the first half of the year, the cement and clinker sales volumes of Akçansa increased by 5.4 %. While deliveries of aggregates recorded strong growth, ready-mixed concrete sales volumes declined slightly.

Revenue of the Africa-Eastern Mediterranean Basin Group area fell by 5.8 % to €465 million (previous year: 493); excluding consolidation and exchange rate effects, the decline amounted to 0.8 %.

Group Services

Group Services comprises the activities of our subsidiary HC Trading, 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.

HC Trading's trading activities in cement, clinker, and other building materials such as lime and dry mortar fell slightly by 0.9 % to 7.9 million tonnes in the first half of the year (previous year: 8.0). Deliveries of coal and petroleum coke rose by 2.4 % to 3.5 million tonnes (previous year: 3.4).

Revenue of the Group Services business unit declined by 19.9 % to €458 million (previous year: 572).

Employees

At the end of the first half of 2016, the number of employees at HeidelbergCement stood at 46,632 (previous year: 45,558). The increase of 1,074 employees essentially results from two opposing developments: on the one hand, more than 600 jobs were cut in particular in Eastern Europe, Central Asia, Indonesia, and India in connection with efficiency increases in sales and administration as well as location optimisations. On the other hand, the number of employees in Northern Europe rose by just under 1,400 due to the merger of our Swedish subsidiary Abetong AB and Contiga AB to form Nordic Precast Group AB. In addition, the workforce in Australia grew by around 300 employees mainly as a result of the purchase of the aggregates company Rocla Quarry Products and the insourcing of truck drivers.

Italcementi takeover – approvals of the competition authorities in Europe and the USA

In the second quarter of 2016, HeidelbergCement received the approvals from the European Commission and United States Federal Trade Commission (FTC) for the acquisition of Italcementi. All competition approvals necessary for closing the Italcementi acquisition have now been obtained.

On 26 May 2016, HeidelbergCement received clearance from the European Commission for the acquisition of Italcementi. The proposed divestment of operations in Belgium, primarily consisting of Italcementi's Belgian subsidiary Compagnie des Ciments Belges S.A. (CCB), which addresses the competition concerns in Europe, was accepted by the European Commission.

On 17 June 2016, HeidelbergCement AG and Italcementi S.p.A. reached an agreement with the FTC to allow the companys' merger to proceed on schedule. The proposed divestment of operations in the US, primarily consisting of Italcementi's Martinsburg, West Virginia cement plant and up to eleven terminals, was accepted by the Federal Trade Commission.

In the share purchase agreement between HeidelbergCement and Italmobiliare from 28 July 2015, Italmobiliare agreed to purchase certain non-core assets of Italcementi, including Italgen S.p.A., Bravosolution S.p.A., and certain non-core real estate. On 30 June 2016, Italcementi sold these assets to Italmobiliare for total proceeds of €237 million. The proceeds from this disposal are part of the overall proceeds from divestments of at least €1 billion that HeidelbergCement targets as part of refinancing the acquisition.

Events after the balance sheet date

On 1 July 2016, HeidelbergCement completed the acquisition of a 45.0 % shareholding in Italcementi S.p.A. from Italmobiliare S.p.A. All conditions for the closing of the transaction have been fulfilled following the approval by the relevant competition authorities. Details of the acquisition of the shareholding in Italcementi and of all transactions in connection with the takeover are provided in the Notes on page 30 f.

Outlook

The anticipated development of the HeidelbergCement Group, without taking the Italcementi takeover into consideration, is described in the following.

In its latest forecast of July 2016, the International Monetary Fund (IMF) has reduced the growth rates for the world economy in 2016 by 0.1 percentage points and now estimates economic growth at the previous year's level of 3.1 %. The lowering of the forecast reflects the anticipated consequences of the considerably increased macroeconomic and political uncertainty following the Brexit decision. The IMF expects a deterioration of economic confidence and declining investments, which are likely to have a negative impact on the United Kingdom in particular but also on the countries of continental Europe. It is already assumed that the United Kingdom and the EU will reach agreements to prevent a significant rise of economic barriers. The IMF currently predicts that the growth rate in the industrial countries will drop slightly in 2016 and increase to some extent in the emerging countries.

The risk factors in the development of the global economy include not only the consequences of the Brexit, which are difficult to estimate at present, but also the price trend for oil, the effects of monetary policy measures, particularly those of the US Federal Reserve, on capital flows and exchange rates in the emerging countries, as well as geopolitical risks related to the crises and conflicts in the Middle East and eastern Ukraine.

In North America, HeidelbergCement, in conformity with the IMF, expects a continuing economic recovery and consequently a further increase in demand for building materials. In Western and Northern Europe, positive market development is expected. This is based on the continuing solid condition of the German economy, and stable economic growth in Northern Europe and Benelux. So far, we have not yet seen any negative effects of the Brexit decision on demand for building materials in the United Kingdom. In Eastern Europe, we anticipate growing demand for building materials as result of the EU infrastructure programme, among other things. The crisis in eastern Ukraine is continuing to impair the sales volumes and results of the country. The economic situation in Russia and Kazakhstan remains difficult due to the low oil price. In the African markets, we expect a rise in competition besides the continuing growth in demand. In Asia, HeidelbergCement anticipates a general upturn in demand, thanks in particular to increasing infrastructure investments in Indonesia. In China, however, a further decline in demand and an increase in excess capacities are expected. The repercussions on exports are limited because a large proportion of Chinese capacities is located inland.

In view of the overall positive development of demand and the commissioning of new capacities, HeidelbergCement anticipates an increase in sales volumes of the core products cement, aggregates, and ready-mixed concrete.

HeidelbergCement estimates that the cost base for energy will remain stable in 2016, supposing that energy prices will drop and sales volumes will increase throughout the year. A moderate rise in the cost of raw materials and personnel is expected. HeidelbergCement further focuses on the continuous improvement of efficiency and margins. To this end we started the "Continuous Improvement" programmes in the cement and aggregates business lines to establish a culture of continuous improvement of operational and commercial work processes at employee level. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million in both business lines over a three-year period. The "CIP" programme for the cement business line started at the beginning of 2015, and the "Aggregates CI" programme was launched at the start of 2016. We also continue to optimise our logistics with the "LEO" programme, which has the goal of reducing costs by a total of €150 million over a period of several years. In addition, the "FOX" programme in purchasing is expected to achieve cost savings of around €100 million.

In 2016, we anticipate – without taking into account the takeover of Italcementi – a significant decrease in financing costs due to disciplined cash flow management and the refinancing of maturities at more favourable terms.

On the basis of these assumptions, the Managing Board has set the following goals for 2016: Excluding exchange rate and consolidation effects, a moderate increase in revenue and a high single to double digit increase in operating income and profit for the financial year (before non-recurring effects) are expected.

The good results of the second quarter confirm our outlook for 2016. We will continue to concentrate on the strategic points of focus announced in 2015: shareholder returns and continuous growth. Key prerequisites for the achievement of these goals are investment discipline, a solid investment grade rating, and a progressive dividend policy. Furthermore, we are concentrating on four strategic levers: high operating leverage, maintenance of cost leadership, pronounced vertical integration, and optimal geographical positioning. In this way we will increase our efficiency and the satisfaction of our customers, especially in the world's rapidly growing metropolitan areas. Our global programmes to optimise costs and processes and to increase margins will once again be consistently pursued in 2016. These include, in particular, the Continuous Improvement Programmes for the aggregates ("Aggregates CI") and cement ("CIP") business lines, as well as "FOX" for purchasing.

Thanks to the positive development in the first half of the year, HeidelbergCement is in a strong position to successfully conclude the takeover of Italcementi. The outlook for the global economy is positive, even though the macroeonomic and political risks have increased following the Brexit decision. HeidelbergCement will continue to benefit from the good and stable economic development in the industrial countries, above all in the USA, Germany, Northern Europe, and Australia. With the acquisition of Italcementi, we are strengthening our global market position. In our core business lines aggregates, cement, and ready-mixed concrete, we will occupy first, second, and third place on a global scale. In the next few years, we intend to consistently develop the characteristics that set HeidelbergCement apart from the competition: cost leadership and operational excellence. At the same time, we plan to achieve a sustainable level of earnings power for shareholders that is unprecedented in the Group.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2016 regarding the forecasts and other statements made in the 2015 Annual Report in the Outlook chapter on page 110 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2016 is described in the outlook. As such, please note that this Half-Year Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Half-Year Financial Report.

Risk and opportunity report

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 consistent with the legal and ethical principles of entrepreneurial activity and 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 and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

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

Risks that may have a significant impact on our financial position and performance in the 2016 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2015 Annual Report in the risk and opportunity report chapter on page 121 ff.

In its latest forecast, the International Monetary Fund (IMF) has lowered the 2016 growth rate for the global economy by 0.1 percentage points to 3.1 %. This reflects a fair degree of economic and political uncertainty following the Brexit vote. Besides the IMF, other key institutions including the Bank of England have also lowered their growth forecasts for the British economy. The uncertainty resulting from the Brexit vote could have a negative effect on the UK construction sector and the future demand for building materials. So far, we have not yet seen any negative effects of the Brexit decision on demand for building materials in the United Kingdom.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Geopolitical risks result in particular from the political crises and armed conflicts in the Middle East and in eastern Ukraine. Challenges in the industrialised countries include the low inflation, the consolidation of state finances, the reform of the financial sector and the fight against unemployment. The emerging countries face slowing growth rates and risks of further capital outflows and currency depreciation. Especially in commodity exporting countries, risks to the economic development arise from increasing public debt. Uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

	April - June		January - June	
€m	2015	2016	2015	2016
Revenue	3,635.1	**3,575.3**	6,470.4	**6,407.0**
Change in finished goods and work in progress	-4.3	**-9.0**	-3.9	**-33.2**
Own work capitalised	1.7	**1.6**	3.5	**3.4**
Operating revenue	3,632.4	**3,567.8**	6,469.9	**6,377.2**
Other operating income	70.7	**70.2**	156.4	**131.7**
Material costs	-1,457.5	**-1,342.1**	-2,722.0	**-2,530.9**
Employee and personnel costs	-592.5	**-610.4**	-1,136.9	**-1,158.8**
Other operating expenses	-950.7	**-944.5**	-1,803.9	**-1,787.9**
Result from joint ventures	49.8	**50.1**	88.0	**80.8**
Operating income before depreciation (OIBD)	752.2	**791.2**	1,051.6	**1,112.1**
Depreciation and amortisation	-194.8	**-190.1**	-379.3	**-373.2**
Operating income	557.4	**601.1**	672.3	**738.9**
Additional ordinary income	0.4	**1.0**	31.4	**5.9**
Additional ordinary expenses	-5.7	**-13.4**	-20.6	**-22.4**
Additional ordinary result	-5.4	**-12.4**	10.7	**-16.5**
Result from associates	13.3	**9.6**	7.6	**4.0**
Result from other participations	1.1	**1.2**	0.7	**1.8**
Result from participations	14.4	**10.8**	8.3	**5.8**
Earnings before interest and taxes (EBIT)	566.5	**599.5**	691.3	**728.2**
Interest income	19.8	**14.8**	44.0	**31.4**
Interest expenses	-118.7	**-105.2**	-240.9	**-208.5**
Foreign exchange gains and losses	7.7	**2.3**	-15.9	**7.4**
Other financial result	-36.1	**-18.5**	-72.3	**-51.3**
Financial result	-127.3	**-106.5**	-285.2	**-221.0**
Profit before tax from continuing operations	439.2	**493.0**	406.1	**507.3**
Income taxes	-108.2	**-95.3**	-142.4	**-131.0**
Net income from continuing operations	331.0	**397.7**	263.7	**376.3**
Net loss from discontinued operations	-8.6	**-12.5**	-21.6	**-22.3**
Profit for the period	322.4	**385.2**	242.1	**354.0**
Thereof non-controlling interests	50.9	**66.9**	93.7	**107.7**
Thereof Group share of profit	271.5	**318.3**	148.4	**246.3**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	1.44	**1.69**	0.79	**1.31**
Earnings per share – continuing operations	1.49	**1.76**	0.90	**1.43**
Loss per share – discontinued operations	-0.05	**-0.07**	-0.12	**-0.12**

Consolidated statement of comprehensive income

	April - June		January - June	
€m	2015	**2016**	2015	**2016**
Profit for the period	322.4	**385.2**	242.1	**354.0**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	65.7	**3.3**	-10.5	**33.1**
Income taxes	-18.9	**-1.0**	3.5	**-9.6**
Defined benefit plans	46.8	**2.2**	-7.0	**23.5**
Items that maybe be reclassified subsequently to profit or loss				
Cash flow hedges - change in fair value	-2.1	**1.7**	20.3	**0.3**
Reclassification adjustments for gains/losses included in profit or loss	-1.1	**-1.2**	-20.3	**-0.1**
Income taxes	0.8	**-0.2**	-0.2	**0.0**
Cash flow hedges	-2.4	**0.4**	-0.2	**0.2**
Currency translation	-442.2	**105.7**	1,323.9	**-643.5**
Income taxes	2.0	**-2.5**	-6.5	**-6.1**
Currency translation	-440.3	**103.2**	1,317.5	**-649.6**
Net gains/losses arising from equity method investments	-2.1	**-5.4**	21.9	**-7.9**
Total	-444.8	**98.2**	1,339.1	**-657.3**
Other comprehensive income	-398.0	**100.4**	1,332.1	**-633.8**
Total comprehensive income	-75.6	**485.6**	1,574.2	**-279.8**
Thereof non-controlling interests	-8.4	**96.3**	112.9	**121.8**
Thereof Group share of profit/loss	-67.2	**389.3**	1,461.3	**-401.5**

Consolidated statement of cash flows

	April - June		January - June	
€m	2015	2016	2015	2016
Net income from continuing operations	331.0	**397.7**	263.7	**376.3**
Income taxes	108.2	**95.3**	142.4	**131.0**
Interest income/ expenses	98.9	**90.4**	196.9	**177.1**
Dividends received	73.4	**51.4**	105.0	**112.2**
Interest received	24.9	**23.3**	51.7	**48.5**
Interest paid	-141.2	**-123.7**	-305.0	**-264.0**
Income taxes paid	-158.7	**-112.2**	-235.8	**-196.7**
Depreciation, amortisation, and impairment	194.9	**190.3**	380.1	**373.3**
Elimination of other non-cash items	-34.6	**-28.8**	-1.1	**28.3**
Cash flow	496.7	**583.8**	597.9	**786.1**
Changes in operating assets	-270.3	**-199.9**	-531.4	**-343.2**
Changes in operating liabilities	192.2	**167.0**	76.7	**-33.5**
Changes in working capital	-78.1	**-32.9**	-454.7	**-376.7**
Decrease in provisions through cash payments	-58.3	**-75.5**	-110.4	**-195.6**
Cash flow from operating activities - continuing operations	360.3	**475.4**	32.8	**213.8**
Cash flow from operating activities - discontinued operations	-1.8		-47.4	
Cash flow from operating activities	358.5	**475.4**	-14.6	**213.8**
Intangible assets	-8.1	**-6.8**	-11.2	**-10.6**
Property, plant and equipment	-197.3	**-164.9**	-373.6	**-315.5**
Subsidiaries and other business units	-10.5	**-10.5**	-10.9	**-109.1**
Other financial assets, associates, and joint ventures	-2.5	**-4.9**	-10.3	**-8.6**
Investments (cash outflow)	-218.4	**-187.1**	-406.1	**-443.9**
Subsidiaries and other business units	12.2		12.2	
Other fixed assets	18.0	**50.6**	42.4	**69.3**
Divestments (cash inflow)	30.2	**50.6**	54.6	**69.3**
Cash from changes in consolidation scope	0.4	**1.1**	0.4	**1.1**
Cash flow from investing activities - continuing operations	-187.7	**-135.4**	-351.1	**-373.4**
Cash flow from investing activities - discontinued operations			1,231.3	
Cash flow from investing activities	-187.7	**-135.4**	880.1	**-373.4**
Capital decrease - non-controlling shareholders	-5.9		-5.9	
Dividend payments - HeidelbergCement AG	-140.9	**-244.3**	-140.9	**-244.3**
Dividend payments - non-controlling shareholders	-206.5	**-66.2**	-209.0	**-72.7**
Increase in ownership interests in subsidiaries	-13.6	**-5.8**	-13.6	**-5.8**
Proceeds from bond issuance and loans	-10.6	**863.6**	0.3	**2,518.0**
Repayment of bonds and loans	-36.2	**-11.5**	-125.7	**-427.8**
Changes in short-term interest-bearing liabilities	-8.5	**-347.6**	-371.8	**-364.8**
Cash flow from financing activities - continuing operations	-422.3	**188.2**	-866.7	**1,402.5**
Cash flow from financing activities - discontinued operations			-4.8	
Cash flow from financing activities	-422.3	**188.2**	-871.5	**1,402.5**
Net change in cash and cash equivalents - continuing operations	-249.8	**528.2**	-1,185.0	**1,242.9**
Net change in cash and cash equivalents - discontinued operations	-1.8		1,179.0	
Net change in cash and cash equivalents	-251.6	**528.2**	-6.0	**1,242.9**
Effect of exchange rate changes	-44.6	**23.8**	41.4	**5.0**
Cash and cash equivalents at the beginning of period	1,559.7	**2,046.3**	1,228.1	**1,350.5**
Cash and cash equivalents at period end	1,263.6	**2,598.4**	1,263.6	**2,598.4**
Reclassification of cash and cash equivalents according to IFRS 5	-0.1		-0.1	
Cash and cash equivalents presented in the balance sheet at period end	1,263.5	**2,598.4**	1,263.5	**2,598.4**

Consolidated balance sheet

Assets			
€m	30 June 2015	31 Dec. 2015	30 June 2016
Non-current assets			
Intangible assets			
Goodwill	10,198.2	10,180.6	**9,884.4**
Other intangible assets	265.5	258.1	**327.9**
	10,463.7	10,438.8	**10,212.3**
Property, plant and equipment			
Land and buildings	5,075.2	4,997.3	**4,868.9**
Plant and machinery	3,636.4	3,671.9	**3,571.8**
Other operating equipment	305.0	272.2	**247.8**
Prepayments and assets under construction	918.1	929.7	**976.3**
	9,934.7	9,871.2	**9,664.8**
Financial assets			
Investments in joint ventures	1,400.2	1,452.7	**1,341.8**
Investments in associates	286.0	254.1	**251.1**
Financial investments	69.1	69.0	**69.4**
Loans and derivative financial instruments	76.6	56.0	**122.4**
	1,831.9	1,831.8	**1,784.7**
Fixed assets	22,230.3	22,141.7	**21,661.7**
Deferred taxes	810.7	805.0	**790.3**
Other non-current receivables	601.7	710.6	**793.9**
Non-current income tax assets	15.7	10.4	**11.0**
Total non-current assets	23,658.5	23,667.7	**23,256.9**
Current assets			
Inventories			
Raw materials and consumables	638.4	613.4	**600.5**
Work in progress	204.8	188.1	**169.9**
Finished goods and goods for resale	583.3	616.9	**597.3**
Prepayments	30.2	25.8	**25.9**
	1,456.8	1,444.1	**1,393.6**
Receivables and other assets			
Current interest-bearing receivables	175.6	168.7	**94.6**
Trade receivables	1,534.2	1,214.6	**1,529.2**
Other current operating receivables	490.2	395.5	**431.0**
Current income tax assets	64.5	58.2	**76.6**
	2,264.6	1,837.1	**2,131.4**
Derivative financial instruments	42.8	75.1	**56.6**
Cash and cash equivalents	1,263.5	1,350.5	**2,598.4**
Total current assets	5,027.6	4,706.7	**6,180.0**
Disposal groups held for sale	76.7		**2.5**
Balance sheet total	28,762.8	28,374.4	**29,439.4**

Equity and liabilities			
€m	30 June 2015	31 Dec. 2015	30 June 2016
Shareholders' equity and non-controlling interests			
Subscribed share capital	563.7	563.7	**563.7**
Share premium	5,539.4	5,539.4	**5,539.4**
Retained earnings	7,645.9	8,434.4	**8,464.3**
Other components of equity	722.7	377.9	**-294.2**
Equity attributable to shareholders	14,471.8	14,915.4	**14,273.3**
Non-controlling interests	981.9	1,060.9	**1,103.8**
Total equity	15,453.6	15,976.4	**15,377.1**
Non-current liabilities			
Bonds payable	5,370.7	4,685.8	**5,411.4**
Bank loans	180.6	123.8	**770.5**
Other non-current interest-bearing liabilities	23.3	21.6	**21.8**
Non-controlling interests with put options	5.5	4.2	**4.3**
	5,580.1	4,835.5	**6,207.9**
Pension provisions	1,031.3	974.2	**1,009.9**
Deferred taxes	483.6	435.9	**416.1**
Other non-current provisions	1,129.5	1,118.2	**1,037.0**
Other non-current operating liabilities	86.5	94.6	**97.7**
Non-current income tax liabilities	48.3	72.7	**72.3**
	2,779.2	2,695.5	**2,633.0**
Total non-current liabilities	8,359.3	7,531.0	**8,840.9**
Current liabilities			
Bonds payable (current portion)	1,718.3	1,109.4	**1,780.2**
Bank loans (current portion)	204.9	397.4	**361.6**
Other current interest-bearing liabilities	113.4	343.4	**147.0**
Non-controlling interests with put options	20.9	25.8	**23.0**
	2,057.5	1,876.1	**2,311.9**
Pension provisions (current portion)	100.4	91.3	**89.4**
Other current provisions	206.4	239.8	**248.9**
Trade payables	1,429.7	1,450.8	**1,457.6**
Other current operating liabilities	1,035.4	1,091.1	**1,025.1**
Current income tax liabilities	93.9	117.9	**88.4**
	2,865.9	2,990.9	**2,909.4**
Total current liabilities	4,923.4	4,866.9	**5,221.4**
Liabilities associated with disposal groups	26.4		
Total liabilities	13,309.2	12,398.0	**14,062.3**
Balance sheet total	28,762.8	28,374.4	**29,439.4**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2015	563.7	5,539.4	7,643.9	3.1
Profit for the period			148.4	
Other comprehensive income			-7.0	1.6
Total comprehensive income			141.4	1.6
Changes in ownership interests in subsidiaries			1.4	
Changes in non-controlling interests with put options			-0.7	
Transfer asset revaluation reserve			0.4	
Other changes			0.6	
Dividends			-140.9	
30 June 2015	563.7	5,539.4	7,645.9	4.7
1 January 2016	563.7	5,539.4	8,434.4	2.9
Profit for the period			246.3	
Other comprehensive income			23.5	-0.3
Total comprehensive income			269.8	-0.3
Changes in ownership interests in subsidiaries			4.2	
Changes in non-controlling interests with put options			-0.7	
Transfer asset revaluation reserve			0.7	
Other changes			0.2	
Dividends			-244.3	
30 June 2016	563.7	5,539.4	8,464.3	2.6

1) The accumulated currency translation differences included in non-controlling interests changed in 2016 by €19.0 million (previous year: 34.8) to €-107.9 million (previous year: -119.1). The total currency translation differences recognised in equity thus amounts to €-466.5 million (previous year: 535.7).

Other components of equity						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
33.6	31.3	-664.7	-596.8	13,150.3	1,094.7	**14,244.9**
				148.4	93.7	**242.1**
-1.4		1,319.6	1,319.9	1,312.9	19.2	**1,332.1**
-1.4		1,319.6	1,319.9	1,461.3	113.0	**1,574.2**
				1.4	-15.0	**-13.6**
				-0.7	-2.0	**-2.8**
	-0.4		-0.4			
				0.5	0.3	**0.9**
				-140.9	-209.0	**-350.0**
32.2	30.9	654.8	722.7	14,471.8	981.9	**15,453.6**
32.5	30.2	312.3	377.9	14,915.4	1,060.9	**15,976.4**
				246.3	107.7	**354.0**
-0.1		-671.0	-671.3	-647.8	14.0	**-633.8**
-0.1		-671.0	-671.3	-401.5	121.8	**-279.8**
				4.2	-10.0	**-5.8**
				-0.7	3.5	**2.8**
	-0.7		-0.7			
				0.2	0.4	**0.5**
				-244.3	-72.7	**-317.0**
32.4	29.5	-358.7	-294.2	14,273.3	1,103.8	**15,377.1**

Segment reporting / Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2015	2016	2015	2016	2015	2016
External revenue	1,574	**1,556**	942	**1,058**	1,640	**1,717**
Inter-Group areas revenue	6	**6**	30	**21**		
Revenue	1,581	**1,562**	972	**1,079**	1,640	**1,717**
Change to previous year in %		**-1.2 %**		**11.0 %**		**4.7 %**
Result from joint ventures	1	**1**	7	**9**	17	**16**
Operating income before depreciation (OIBD)	196	**220**	132	**147**	290	**366**
as % of revenue	12.4 %	**14.1 %**	13.6 %	**13.6 %**	17.7 %	**21.3 %**
Depreciation	-96	**-85**	-71	**-72**	-118	**-123**
Operating income	100	**135**	61	**75**	173	**243**
as % of revenue	6.3 %	**8.6 %**	6.3 %	**7.0 %**	10.5 %	**14.1 %**
Result from associates	4	**5**	0	**0**	0	**-2**
Result from other participations	0	**1**		**0**	0	**0**
Result from participations	4	**6**	0	**0**	0	**-2**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	104	**141**	61	**75**	172	**241**
Capital expenditures [2]	66	**94**	51	**38**	106	**115**
Segment assets [3]	5,796	**4,984**	2,189	**2,398**	8,342	**8,319**
OIBD as % of segment assets	3.4 %	**4.4 %**	6.0 %	**6.1 %**	3.5 %	**4.4 %**
Number of employees as at 30 June	9,711	**9,774**	11,355	**12,702**	8,532	**8,453**
Average number of employees	9,699	**9,703**	11,374	**12,641**	8,242	**8,195**

1) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.
2) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments; in the reconciliation column: investments in non-current financial assets and other business units.
3) Segments assets = property, plant and equipment as well as intangible assets.

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**
1,415	**1,296**	483	**464**	416	**316**			6,470	**6,407**
7	**8**	10	**0**	156	**142**	-209	**-177**		
1,422	**1,304**	493	**465**	572	**458**	-209	**-177**	6,470	**6,407**
	-8.3 %		**-5.8 %**		**-19.9 %**				**-1.0 %**
43	**38**	20	**17**					88	**81**
362	**315**	132	**121**	13	**11**	-74	**-69**	1,052	**1,112**
25.5 %	**24.2 %**	26.7 %	**26.1 %**	2.4 %	**2.4 %**			16.3 %	**17.4 %**
-67	**-66**	-20	**-20**	0	**0**	-6	**-7**	-379	**-373**
295	**250**	111	**101**	13	**11**	-81	**-75**	672	**739**
20.7 %	**19.2 %**	22.6 %	**21.7 %**	2.3 %	**2.4 %**			10.4 %	**11.5 %**
3	**1**	0						8	**4**
0	**1**							1	**2**
4	**2**	0						8	**6**
						11	**-16**	11	**-16**
299	**252**	112	**101**	13	**11**	-70	**-92**	691	**728**
143	**55**	19	**24**	0	**0**	21	**118**	406	**444**
3,353	**3,427**	683	**713**	36	**35**			20,398	**19,877**
10.8 %	**9.2 %**	19.3 %	**17.0 %**	37.8 %	**31.8 %**			5.2 %	**5.6 %**
13,270	**13,049**	2,608	**2,576**	83	**79**			45,558	**46,632**
13,341	**13,098**	2,628	**2,574**	84	**82**			45,367	**46,293**

Notes to the interim consolidated financial statements

Accounting and valuation principles
The interim consolidated financial statements of HeidelbergCement AG as of 30 June 2016 were prepared on the basis of IAS 34 (Interim Financial Reporting). All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRS IC), that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2015, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim consolidated financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2015. Detailed explanations can be found on pages 180 f. in the Notes to the 2015 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the expenses relating to income taxes in the reporting period were accrued on the basis of the tax rate expected for the whole financial year.

The interim consolidated financial statements were not subject to any audits or reviews.

Application of new accounting standards
The following new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements.

First-time application of accounting standards
Title
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Improvements to IFRSs 2012-2014 Cycle

- The **amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation** make it clear that revenue-based methods of depreciation and amortisation cannot be used in general.

- The **amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations** regulate the accounting of the acquisition of interests in joint operations that constitute a business. The principles of IFRS 3 for business combinations are consequently to be applied on first-time consolidation.

- As part of the annual improvements project **Improvements to IFRSs 2012-2014 Cycle**, the IASB made minor amendments to a total of four standards.

The aforementioned amendments did not have any impact on the financial position and performance of the Group.

Changes in the reporting structure
Starting with the first quarter of 2016, HeidelbergCement has reorganized its Group areas and thus the reporting structure. The changes were decided in the context of the generation change on the Managing Board and the acquisition of Italcementi. HeidelbergCement is divided into six Group areas:
- Western and Southern Europe: Belgium, Germany, Netherlands, United Kingdom, and Spain
- Northern and Eastern Europe-Central Asia: Denmark, Iceland, Norway, Sweden, and the Baltic States as well as Bosnia-Herzegovina, Croatia, Czech Republic, Georgia, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, and Ukraine

– North America: Canada and USA
– Asia-Pacific: Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Australia
– Africa-Eastern Mediterranean Basin: Benin, Burkina Faso, DR Congo, Ghana, Liberia, Mozambique, Sierra Leone, Tanzania, Togo, as well as Israel and Turkey
– As before, Group Services comprise our trading activities.

The only changes concern the shift of the northern European countries to the Northern and Eastern Europe-Central Asia Group area and of Spain to Western and Southern Europe. The prior year values of the segment reporting have been adjusted accordingly.

Seasonal nature of the business

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

Exchange rates

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

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2015	30 June 2016	01-06/2015	01-06/2016
USD	USA	1.0861	**1.1106**	1.1168	**1.1167**
AUD	Australia	1.4896	**1.4907**	1.4276	**1.5216**
CAD	Canada	1.5026	**1.4355**	1.3785	**1.4847**
GBP	Great Britain	0.7368	**0.8341**	0.7328	**0.7792**
IDR	Indonesia	14,982	**14,637**	14,528	**14,986**

Business combinations in the reporting period

To secure raw material reserves and to strengthen its market position in Australia, HeidelbergCement acquired the business of Rocla Quarry Products as well as 100 % of the shares in Rocla Materials Pty Ltd (referred to in summary as "RQP") on 29 January 2016 as part of an asset deal. RQP operates 12 large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year. In addition, RQP has a number of smaller production locations and mineral reserves. The purchase price of €98.2 million was paid in cash and is subject to a usual working capital adjustment clause. The purchase price allocation has not yet been completed, as not all measurements, especially for the mining rights which are reported under intangible assets, have been finalised. In connection with the business combination, transaction costs of €3.9 million were recognised in profit or loss in the additional ordinary expenses.

On 21 April 2016, HeidelbergCement acquired 100 % of the shares of both ACH Investments Limited, Mauritius, and Austral Cimentos Sofala, SA, Mozambique. Austral Cimentos Sofala operates a grinding plant in Dondo, close to the seaport Beira, with an annual capacity of about 350,000 tonnes. With this acquisition, HeidelbergCement strengthens its market presence in south-eastern Africa. The purchase price for the companies amounts to €8.8 million in total and was paid in cash. The provisionally recognised goodwill of €17.7 million resulting from the business combination is not deductible for tax purposes and represents growth potential. The purchase price allocation has not yet been completed, as not all measurements, especially for the property, plant and equipment and the contingent liabilities, have been finalised.

The following table shows the preliminary fair values of the assets and liabilities of the business combinations as at the acquisition date.

Preliminary fair values recognised as at the acquisition date			
€m	Australia	Mozambique	Total
Intangible assets	72.7	0.0	**72.8**
Property, plant and equipment	24.5	7.7	**32.2**
Inventories	2.5	3.9	**6.5**
Trade receivables		0.2	**0.2**
Cash and cash equivalents		0.6	**0.6**
Other assets	0.3	1.0	**1.3**
Total assets	100.0	13.4	**113.4**
Provisions	1.5		**1.5**
Current liabilities	0.3	22.4	**22.6**
Total liabilities	1.8	22.4	**24.2**
Net assets	98.2	-8.9	**89.3**

The companies have contributed €23.8 million to revenue and €1.2 million to the profit for the financial year since their acquisition. If the acquisitions had taken place on 1 January 2016, contributions to revenue would be higher by €5.2 million and contributions to the profit for the financial year would be lower by €2.9 million.

Business combinations in the same period of the previous year

During the reporting period, HeidelbergCement undertook smaller business combinations in the Western and Southern Europe Group area. The total cost of the business combinations amounted to €14.0 million and is made up of cash payments of €11.7 million and the fair value of previously held equity interests of €0.3 million. The revaluation of the previously held equity interests resulted in a gain of €1.9 million. Goodwill amounts to a total of €5.3 million and is not deductible for tax purposes.

The following table shows the fair values of the assets and liabilities of the business combinations as at the acquisition date.

Fair values recognised as at the acquisition date	
€m	Total
Intangible assets	**0.4**
Property, plant and equipment	**8.1**
Financial assets	**0.1**
Inventories	**1.5**
Trade receivables	**6.4**
Cash and cash equivalents	**0.4**
Other assets	**1.3**
Total assets	**18.2**
Deferred taxes	**1.5**
Provisions	**0.4**
Non-current liabilities	**1.8**
Current liabilities	**5.8**
Total liabilities	**9.5**
Net assets	**8.7**

Discontinued operations in the same period of the previous year

On 23 December 2014, HeidelbergCement signed an agreement with an American subsidiary of Lone Star Funds on the sale of its building products business in North America (excluding Western Canada) and the United Kingdom (referred to in summary as "Hanson Building Products"). Hanson Building Products is a leading manufacturer of pressure and gravity pipes in North America and one of the largest brick producers in North America and the United Kingdom. By selling Hanson Building Products, HeidelbergCement is consistently pursuing its strategy of focusing on the refinement of raw materials for its core products cement and aggregates, as well as the downstream concrete and asphalt activities. The transaction was concluded on 13 March 2015. On completion and following a contractually agreed purchase price adjustment, HeidelbergCement received a payment of €1,265 million in total, which is shown as cash flow from investing activities – discontinued operations. An additional payment of up to US$100 million is conditional on the success of the business in 2015 and payable in 2016. The final agreement relating to the amount of the profit-related payment is still outstanding.

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Intra-Group eliminations		Total	
€m	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**
Western and Southern Europe	660	**668**	387	**374**	641	**640**	208	**180**	-314	**-300**	1,581	**1,562**
Northern and Eastern Europe-Central Asia	631	**606**	115	**101**	236	**248**	72	**212**	-81	**-88**	972	**1,079**
North America	621	**655**	627	**686**	450	**438**	108	**103**	-167	**-166**	1,640	**1,717**
Asia-Pacific	761	**675**	273	**278**	542	**500**	17	**20**	-171	**-168**	1,422	**1,304**
Africa-Eastern Mediterranean Basin	365	**335**	40	**41**	101	**102**	17	**17**	-30	**-32**	493	**465**
Group Services							572	**458**			572	**458**
Inter-Group area revenue within business lines	-25	**-21**					-12	**-1**			-36	**-22**
Total	3,014	**2,919**	1,442	**1,480**	1,971	**1,927**	981	**989**	-764	**-753**	6,643	**6,562**
Inter-Group area revenue between business lines									-173	**-155**	-173	**-155**
Total									-937	**-909**	6,470	**6,407**

Result from discontinued operations

The following table shows the composition of the result from discontinued operations.

Net loss from discontinued operations	Discontinued operations Hanson Building Products		Discontinued operations of the Hanson Group in previous years	
€m	2015	**2016**	2015	**2016**
Revenue	184.9			
Expenses	-163.7		-6.7	**-16.0**
Result before tax	21.2		-6.7	**-16.0**
Attributable income taxes	-5.6			**-6.3**
Result after tax	15.6		-6.7	**-22.3**
Loss on disposal after taxes	-30.5			
Net loss from discontinued operations	-14.9		-6.7	**-22.3**

The results from the discontinued operation Hanson Building Products recorded in the previous year include income and expenses as well as income taxes, arising from the bricks, pressure and gravity pipes, and precast concrete parts business until the date of disposal. The loss on disposal includes the loss from the disposal of assets and liabilities including cash and cash equivalents, additional costs of disposal, and currency effects. To comply with an agenda decision of the IFRS IC published in January 2016, HeidelbergCement has eliminated intra-Group transactions between continuing and discontinued operations. These eliminations were assigned to the discontinued operations and the previous year's information has been adjusted accordingly.

The expenses incurred in connection with operations of the Hanson Group discontinued in previous years result essentially from provisions for damages and environmental obligations.

Earnings per share

Earnings per share	January - June	
€m	2015	**2016**
Profit for the period	242.1	**354.0**
Non-controlling interests	93.7	**107.7**
Group share of profit	148.4	**246.3**
Number of shares in '000s (weighted average)	187,916	**187,916**
Earnings per share in €	0.79	**1.31**
Net income from continuing operations – attributable to the parent entity	170.0	**268.5**
Earnings per share in € – continuing operations	0.90	**1.43**
Net loss from discontinued operations – attributable to the parent entity	-21.6	**-22.3**
Loss per share in € – discontinued operations	-0.12	**-0.12**

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 according to IAS 33.30.

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared, or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2016, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Statement of changes in equity
In the financial year, dividends of €244.3 million (€1.30 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests totalling €72.7 million include payments of €50.0 million to the non-controlling interests of our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk.

The decrease of €671.0 million in the currency translation reserve in the first half of the year is particularly attributable to the devaluation of the British pound and the US dollar against the euro. The effects of the Brexit and the associated slump in the exchange rate of the British pound against the euro in the second quarter of 2016 was largely offset by contrary developments in the US dollar exchange rate.

Changes in ownership interests in subsidiaries result primarily from the acquisition of a further 2.4 % of shares in Nordic Precast Group AB, Sweden.

Pension provisions
The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable at the reporting date. As at 30 June 2016, gains from revaluation amount to €33.1 million in total. These contain actuarial losses relating to the pension obligations of €628.2 million, arising from the decrease of the weighted average discount rate of around 0.9 percentage points, as well as gains from the revaluation of the plan assets of €654.9 million. The effect of the asset ceiling led to gains of €6.5 million.

On 12 January 2016, HeidelbergCement allocated a Group contractual trust arrangement (CTA) with €51.2 million, in order to protect pension entitlements from insolvency.

Disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are depicted.

Carrying amounts, measurement and fair values by measurement categories

€m	Category of IAS 39 [1]	Amortised cost	Cost	Fair value with P/L effect	Fair value without P/L effect	Carrying amount	Fair value
30 June 2016							
Assets							
Financial investments – available for sale at cost	AfS		69.4			**69.4**	
Loans and other interest-bearing receivables	LaR	193.0				**193.0**	**201.7**
Trade receivables and other operating receivables	LaR	2,123.7				**2,123.7**	**2,123.7**
Cash and cash equivalents	LaR	2,598.4				**2,598.4**	**2,598.4**
Derivatives – hedge accounting	Hedge				18.1	**18.1**	**18.1**
Derivatives – held for trading	HfT			62.5		**62.5**	**62.5**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	8,420.0				**8,420.0**	**9,111.8**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,392.7				**2,392.7**	**2,392.7**
Liabilities from finance lease	FLAC	11.1				**11.1**	**11.1**
Derivatives – hedge accounting	Hedge				1.2	**1.2**	**1.2**
Derivatives – held for trading	HfT			60.2		**60.2**	**60.2**
Non-controlling interests with put options	FLAC	27.3				**27.3**	**27.3**
31 December 2015							
Assets							
Financial investments – available for sale at cost	AfS		69.0			**69.0**	
Loans and other interest-bearing receivables	LaR	198.4				**198.4**	**199.4**
Trade receivables and other operating receivables	LaR	1,827.9				**1,827.9**	**1,827.9**
Cash and cash equivalents	LaR	1,350.5				**1,350.5**	**1,350.5**
Derivatives – hedge accounting	Hedge				18.4	**18.4**	**18.4**
Derivatives – held for trading	HfT			83.0		**83.0**	**83.0**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	6,622.7				**6,622.7**	**7,248.3**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,483.3				**2,483.3**	**2,483.3**
Liabilities from finance lease	FLAC	12.0				**12.0**	**12.0**
Derivatives – hedge accounting	Hedge				1.8	**1.8**	**1.8**
Derivatives – held for trading	HfT			44.9		**44.9**	**44.9**
Non-controlling interests with put options	FLAC	30.0				**30.0**	**30.0**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost

The classes "Trade receivables and other operating receivables" and "Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities" cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €630.4 million (previous year: 492.8) as well as non-financial liabilities of €187.7 million (previous year: 153.2).

Detailed explanations on the procedure regarding the fair value evaluation according to IFRS 13 can be found on pages 242 f. in the Notes to the 2015 Annual Report, which forms the basis for these interim financial statements.

All financial assets and liabilities that are measured at fair value are classified in level 2 of the valuation hierarchy in line with IFRS 13.

Related parties disclosures

HeidelbergCement AG has granted loans for a total of €539,504 to Mr Jon Morrish, member of the Managing Board of HeidelbergCement AG. The interest rate is 4.08 %. Altogether, the interest amount to €16,316. A loan amount of € 239,779 as well as interest of €10,768 relate to the reporting period.

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

Contingent liabilities

As at the reporting date, contingent liabilities amounted to €318.8 million (previous year: 328.8), which are essentially related to tax and legal risks. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement's control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a deviating opinion, which may give rise to additional tax liabilities.

Other financial commitments

The total future minimum lease payments for operating leases as at the reporting date are shown in the following table.

Other financial commitments

€m	31 Dec. 2015	30 June 2016
Future minimum lease payments under non-cancellable operating leases		
Due within one year	163.2	**170.6**
Due between one and five years	354.0	**386.6**
Due after five years	321.7	**304.0**
	838.9	**861.2**

Events after the balance sheet date

On 1 July 2016, HeidelbergCement completed the acquisition of a 45.0 % shareholding in Italcementi S.p.A. from Italmobiliare S.p.A. All conditions for the closing of the transaction have been fulfilled following the approval by the relevant competition authorities.

With the closing of the transaction, HeidelbergCement acquired 157.17 million ordinary shares, representing 45.0 % of the share capital of Italcementi for a total consideration of €1.67 billion based on a price of €10.60 per Italcementi share. Thereof 82.82 million ordinary shares were acquired against cash. The remaining 74.35 million ordinary shares were acquired against the assignment of 10.5 million newly issued shares of HeidelbergCement.

The transaction will add a valuable portfolio of assets with a perfect geographical fit to the existing footprint of the Group. Italcementi operates an attractive portfolio of assets across 22 countries with strong market positions in France, Italy, the United States and Canada. In addition, it has emerging market positions with high growth potential in India, Egypt, Morocco, and Thailand. Besides its well invested plants, Italcementi has extensive reserve positions in cement plants and aggregate quarries.

The combination with Italcementi will create the global market leader in aggregates, the second largest producer of cement and the global number three in ready-mix concrete. The excellent geographical fit of the assets will strengthen each of HeidelbergCement's geographic clusters. The acquisition adds a presence in several major markets where there is no overlap between the two Groups. It will expand the strong Western European portfolio with strong market positions in France and Italy. In North America, it will complete HeidelbergCement's footprint, particularly in Eastern Canada, and strengthen market positions in the United States, India, and Kazakhstan. HeidelbergCement will gain attractive new market positions in the fast-growing markets in Egypt, Morocco, and Thailand. In Europe, Italcementi will also add low-cost export plants on the coast in Bulgaria and Spain. In line with HeidelbergCement's urban center strategy, the transaction will add attractive positions in fast-growing metropolitan areas such as Paris, Milan, Cairo, Marrakech, Chennai, and Bangkok.

The acquisition of the shareholding in Italcementi takes the form of a business combination. The acquired shares represent 45.5 % of the voting rights. However, on account of the remaining voting rights being in free float and the composition of management (Executive Committee of the Board of Directors), they allow HeidelbergCement to unilaterally control the major activities of Italcementi. In connection with the acquisition, transaction costs of €6.1 million were recognised in profit or loss in the additional ordinary expenses. Because of the size of the transaction and the proximity of the acquisition date to the publication date of the half-year financial report, additional information in accordance with IFRS 3 (Business Combinations) cannot be disclosed.

In the context of acquiring the 45 % shareholding in Italcementi, HeidelbergCement carried out a capital increase in return for contributions in kind in July 2016. The issuance of 10.5 million new shares to Italmobiliare was made from the Authorised Capital II excluding the subscription rights of shareholders. The Group's subscribed share capital thus rose by €31,500,000, from €563,749,431 to €595,249,431. The implementation of the subscribed share capital increase was recorded in the commercial register on 7 July 2016.

The acquisition of the 45 % stake in Italcementi triggers the obligation to execute a public tender offer to the remaining shareholders of Italcementi. The offer document was published on 28 July 2016. The subscription period will commence on 29 August 2016 and end on 30 September 2016. The offer price is €10.60 per Italcementi share. This represents a premium of 70.7 % compared to the average price of the Italcementi share in the three months prior to the announcement of the acquisition at the end of July 2015. HeidelbergCement expects the entire transaction to be completed in the second half of 2016.

Furthermore, HeidelbergCement is consulting with the Moroccan exchange supervisory authority and on 4 July 2016 submitted a prospectus for carrying out a formal mandatory tender offer to the non-controlling shareholders of Ciments du Maroc SA. HeidelbergCement expects the mandatory tender offer to have no material impact on the financing of the transaction.

The disposal of assets as part of the Italcementi acquisition makes good progress. The non-core assets of Italcementi were sold to Italmobiliare on 30 June 2016 for total proceeds of €237 million. As announced on 25 July 2016, HeidelbergCement, through its subsidiary Ciments Français S.A.S., entered into an agreement with Aalborg Portland Holding A/S, a subsidiary indirectly 100 % controlled by Cementir Holding, to sell operations in Belgium, primarily consisting of Italcementi's Belgian subsidiary Compagnie des Ciments Belges S.A. (CCB). The agreement is subject to the approval of the European Commission. The transaction has an enterprise value of €312 million. There is a great interest in the assets to be divested in the USA and binding offers are expected in the first half of August. Overall, HeidelbergCement is well on track to achieve the target of proceeds from divestments of at least €1 billion.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report 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 for the remaining months of the financial year.

Heidelberg, 29 July 2016

HeidelbergCement AG
The Managing Board

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

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The Half-Year Financial Report January to June 2016 was published on 29 July 2016.

Financial calendar	
Interim Financial Report January to September 2016	9 November 2016
Annual General Meeting 2017	10 May 2017

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