

HEIDELBERGCEMENT FINANCE B.V.

**INTERIM REPORT FOR THE HALF YEAR
TO JUNE 30, 2014
(UNAUDITED)**

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REPORT OF THE MANAGEMENT BOARD

The Management Board of HeidelbergCement Finance B.V. (hereinafter “the Company”) submits the interim report and the financial statements of the Company for the half year ended 30 June 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Activities

The principal activities of the Company consist of the financing of group entities. These activities were continued in the half year to June 30, 2014. During this period the Company entered into a Sale and Transfer Agreement out of which another group company replaced the Company as issuer of 2 bonds for a total amount of EUR 1.48 billion and 1 note of EUR 30 million. The Company also repaid bank loans for a total amount of EUR 43 million.

HeidelbergCement AG unconditionally and irrevocably guarantees all issues.

Selected Financial Information

The following table sets out selected financial information about the Company for the half year to June 30, 2014.

(x EUR 1.000)	30-06-2014
CURRENT ASSETS	
Loans to group entities	99.978
Balance sheet total	127.562
Interest and similar income group companies	27.596
Result after taxation	-20.613

The report for the half year to June 30, 2014 is unaudited.

Post balance sheet events

No post balance sheet events occurred.

Statement by Management Board

The Management Board has declared that to the best of their knowledge:

1. the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the Company and
2. the management report gives a true and fair view of the Company's situation as at the balance sheet date, the events that occurred during the half year to June 30, 2014 and the risks to which the Company is exposed

's-Hertogenbosch, 27 August 2014

The Management Board

Mr. M.C.M. Cremers

Mr. L.G.G. Mulders

Mrs. I.M. Zweverink

BALANCE SHEET AS AT 30 JUNE 2014 (UNAUDITED)

(Before appropriation of result)

(x EUR 1.000)

	30-06-2014	31-12-2013
<u>ASSETS</u>		
FIXED ASSETS		
Loans to group entities	0	1.489.707
Other financial assets	0	0
	0	1.489.707
CURRENT ASSETS		
Loans to group entities	99.978	142.941
Other amounts due from shareholder	23.049	845
Other amounts due from group entities	4.535	804.886
Taxation	0	0
Cash at bank	0	0
	127.562	948.672
	127.562	2.438.379
<u>SHAREHOLDER'S EQUITY AND LIABILITIES</u>		
CAPITAL AND RESERVES		
Issued share capital	18	18
Share premium reserve	19.421	1.316
General reserve	23.349	29.536
Net income	-20.613	-6.187
	22.175	24.683
LONG TERM LIABILITIES		
Bonds and notes	0	1.479.610
Loans from third parties	0	0
Deferred taxes	0	6.939
	0	1.486.549
SHORT TERM LIABILITIES		
Loans from third parties	99.987	142.949
Loans from shareholder	0	717.484
Interest due to third parties	4.225	62.453
Interest due to shareholder	0	4.228
Other financial liabilities shareholder	1.132	0
Taxation	43	17
Other creditors	0	16
	105.387	927.147
	127.562	2.438.379

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2014 (UNAUDITED)

(x EUR 1.000)	30-06-2014	30-06-2013
Interest and similar income shareholder	16	1
Interest and similar income group companies	27.596	78.713
Interest and similar income third parties	<u>0</u>	<u>0</u>
Turnover	27.612	78.714
Interest and similar expenses shareholder	-4.409	-14.466
Interest and similar expenses group companies	-27.754	-4.501
Interest and similar expenses third parties	<u>-26.102</u>	<u>-63.745</u>
Cost of Turnover	-58.265	-82.712
Gross Profit	-30.653	-3.998
General and Administrative expenses	-13	-93
RESULT BEFORE TAXATION	-30.666	-4.091
Corporate income tax	-33	-102
Deferred taxes	<u>10.086</u>	<u>1.125</u>
Taxation	10.053	1.023
RESULT AFTER TAXATION	-20.613	-3.068

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

GENERAL

Group affiliation and principal activities

HeidelbergCement Finance B.V. (“the Company”), a corporation with limited liability, having its statutory seat in ‘s-Hertogenbosch, The Netherlands, was incorporated under the laws of The Netherlands on 11 October 1991. The Company considers HeidelbergCement AG, Germany, to be its ultimate parent company.

ACCOUNTING POLICIES

Basis of presentation

The accompanying semi-annual accounts have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in the Netherlands.

Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the financial assets and liabilities are measured at amortised cost using the straight line method. The financial assets are not quoted in an active market.

Fair value

The fair value of the financial instruments is determined using available market information or estimating methods. Under these estimating methods, the fair value is estimated by using generally accepted valuation models and techniques

Other Balance sheet items

Other items in balance sheet (e.g. interest receivables or payables) are valued at amortised cost.

Taxation

Corporate income taxes consist of current taxes and deferred taxes. Current taxes are calculated against effective tax rate of 25%. The Company has entered into an Advance Pricing Agreement with the Dutch tax authorities. As far as the Company’s result is lower than required under above-mentioned APA non deductible expenses have been accounted for.

Foreign currency translation

Assets and liabilities denominated in other currencies are translated into euros at the rates of exchange prevailing on the balance sheet date. Transactions in foreign currencies have been translated at the rates of exchange prevailing on the date of the transactions. Exchange results are reflected in the profit and loss account.

Recognition of income and expenses

All revenues and expenses are accounted for under the accrual method. Premiums, discounts and issue expenses arising from the issue of long term loans are accounted for in the balance sheet as long term liability or financial fixed assets. These premiums, discounts and expenses are recognized as interest and similar income or interest and similar expenses in proportion to the remaining term.

NOTES ON SPECIFIC ITEMS OF THE BALANCE SHEET

FIXED ASSETS

Financial fixed assets

The movements in the financial fixed assets are as follows:

(x EUR 1.000)	Loans to group entities
Balance at December 31, 2013	1.489.707
Amortization deferred income	985
Amortization compensation	-1.450
Loans transferred	-1.481.025
Deferred income transferred	18.087
Compensation transferred	-26.304
Balance as at June 30, 2014	<u><u>0</u></u>

Other amounts due from shareholder

This item comprises interest-bearing current accounts between HeidelbergCement AG and the Company.

Other amounts due from group entities

This item comprises interest receivable on group loans.

Cash at bank

Cash is at the free disposal of the Company.

CAPITAL AND RESERVES

Issued share capital

The authorised share capital of the Company consists of 910 shares of EUR 100 each, of which 182 shares have been issued and fully paid up.

Movements in capital and reserves

(x EUR 1.000)	Issued share capital	Share Premium Reserve	General reserve	Net income	Total
Balance as at December 31, 2013	18	1.316	29.536	-6.187	24.683
Contribution share premium		18.105			18.105
Result for the half year				-20.613	-20.613
Transfer result 2013			-6.187	6.187	0
Balance as at June 30, 2014	18	19.421	23.349	-20.613	22.175

LONG TERM LIABILITIES

The movements in long term liabilities are as follows:

(x EUR 1.000)	Bonds and notes
Balance at December 31, 2013	1.479.610
Amortization deferred expenses	1.440
Bonds and notes transferred	-1.510.000
Deferred expenses transferred	28.950
Balance as at June 30, 2014	0

The upfront expenses related to issuance of bonds and notes and taking up of loans from third parties have been deferred and were amortised over the period of the related financial liability, using the straight-line method.