Holcim

Strength. Performance. Passion.

Half-Year Report 2011 Holcim Ltd

Key figures Group Holcim

January–June		2011	2010	±%	±% like-for-like
Annual cement production capacity	million t	212.1	211.5[1]	+0.3	+0.3
Sales of cement	million t	70.9	67.8	+4.7	+4.7
Sales of mineral components	million t	2.2	1.7	+32.2	+32.2
Sales of aggregates	million t	81.3	73.2	+11.0	+6.3
Sales of ready-mix concrete	million m^3	23.1	21.9	+5.7	+2.8
Sales of asphalt	million t	4.3	4.4	–1.3	–1.3
Net sales	million CHF	10,143	10,902	–7.0	+4.6
Operating EBITDA	million CHF	1,897	2,343	–19.0	–7.2
Operating EBITDA margin	%	18.7	21.5		
EBITDA	million CHF	2,005	2,431	–17.5	
Operating profit	million CHF	1,084	1,416	–23.4	–11.3
Operating profit margin	%	10.7	13.0		
Net income	million CHF	586	611	–4.2	+10.9
Net income margin	%	5.8	5.6		
Net income – shareholders of Holcim Ltd	million CHF	357	331	+8.0	+24.5
Cash flow from operating activities	million CHF	72	906	–92.1	–88.4
Cash flow margin	%	0.7	8.3		
Net financial debt	million CHF	12,205	11,363[1]	+7.4	+13.0
Total shareholders' equity	million CHF	18,838	21,121[1]	–10.8	
Gearing[2]	%	64.8	53.8[1]		
Personnel		82,959	80,310[1]	+3.3	+2.3
Earnings per share[3]	CHF	1.12	1.03	+8.7	
Fully diluted earnings per share[3]	CHF	1.12	1.03	+8.7	

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Principal key figures in USD (illustrative)[4]

Net sales	million USD	11,270	10,094	+11.7
Operating EBITDA	million USD	2,108	2,169	–2.8
Operating profit	million USD	1,204	1,311	–8.2
Net income – shareholders of Holcim Ltd	million USD	397	306	+29.7
Cash flow from operating activities	million USD	80	839	–90.5
Net financial debt	million USD	14,705	12,088[1]	+21.6
Total shareholders' equity	million USD	22,696	22,469[1]	+1.0
Earnings per share[3]	USD	1.24	0.95	+30.5

Principal key figures in EUR (illustrative)[4]

Net sales	million EUR	7,987	7,624	+4.8
Operating EBITDA	million EUR	1,494	1,638	–8.8
Operating profit	million EUR	854	990	–13.7
Net income – shareholders of Holcim Ltd	million EUR	281	231	+21.6
Cash flow from operating activities	million EUR	57	634	–91.0
Net financial debt	million EUR	10,087	9,090[1]	+11.0
Total shareholders' equity	million EUR	15,569	16,897[1]	–7.9
Earnings per share[3]	EUR	0.88	0.72	+22.2

[1] As of December 31, 2010.

[2] Net financial debt divided by total shareholders' equity.

[3] EPS calculation based on net income attributable to shareholders of Holcim Ltd weighted by the average number of shares.

[4] Statement of income figures translated at average rate; statement of financial position figures at closing rate.

Solid demand for building materials in the emerging markets

Volume growth also in Europe, mixed development in North America

Rising sales volumes in all segments

Swiss franc and cost pressure from energy and raw materials weighed on results

Decline in operating EBITDA, but higher net income attributable to shareholders of Holcim Ltd

Holcim expands cement capacity in growth market Brazil

Dear shareholder,

In the first half of 2011, demand for building materials followed a positive development in many markets in the emerging countries, with Asia and Latin America in particular continuing to grow. The mature markets continued to present a mixed overall picture. While demand increased in Europe, there was as yet no overall sign of any substantial progress in the North American construction sector.

Nevertheless, Holcim recorded higher volumes across all segments, and in many markets succeeded in adjusting selling prices. However, it was not yet possible to compensate for the surge in the costs of energy, raw materials and transportation, leading to a margin squeeze especially in the cement segment. Other factors were higher fixed costs and the strong Swiss franc which also had a negative impact on the consolidated financial statements.

Therefore, operating EBITDA decreased in all Group regions, particularly strongly in North America and Europe. Factoring out the negative exchange rate movements, operating EBITDA in Latin America, Asia Pacific and Africa Middle East was down slightly compared to the previous year.

Group	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	70.9	67.8	+4.7	+4.7
Sales of aggregates in million t	81.3	73.2	+11.0	+6.3
Sales of ready-mix concrete in million m^3	23.1	21.9	+5.7	+2.8
Sales of asphalt in million t	4.3	4.4	–1.3	–1.3
Net sales in million CHF	10,143	10,902	–7.0	+4.6
Operating EBITDA in million CHF	1,897	2,343	–19.0	–7.2
Net income in million CHF	586	611[1]	–4.2	+10.9
Net income – shareholders of Holcim Ltd – in million CHF	357	331[1]	+8.0	+24.5
Cash flow from operating activities in million CHF	72	906	–92.1	–88.4

[1] Including a non-recurring cash-neutral tax charge of CHF 186 million in connection with the restructuring of the Group's interests in North America.

Group	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	37.7	36.8	+2.6	+2.7
Sales of aggregates in million t	47.0	43.7	+7.5	+1.9
Sales of ready-mix concrete in million m^3	12.7	12.4	+2.5	–1.2
Sales of asphalt in million t	2.7	2.8	–4.1	–4.1
Net sales in million CHF	5,486	6,161	–11.0	+2.9
Operating EBITDA in million CHF	1,144	1,434	–20.2	–6.1
Net income in million CHF	464	545	–14.9	–0.3
Net income – shareholders of Holcim Ltd – in million CHF	347	399	–13.0	+0.7
Cash flow from operating activities in million CHF	609	1,163	–47.6	–40.3

Considering the dynamic market development in Brazil, Holcim has decided to build a second kiln line at the Barroso plant, north of Rio de Janeiro in the state of Minas Gerais, which will be commissioned in 2014. With the new installation, the cement capacity of Holcim Brazil will increase by 2.6 million tonnes from 5.3 million tonnes per year to 7.9 million tonnes. In addition, the rail terminal in Barbacena will be optimized. Total investment is expected to be around BRL 1.45 billion (CHF 720 million). With this major expansion, Holcim Brazil will fully participate in the forecasted growth of building materials demand.

Sales development and financial results

Sales volumes increased in all segments compared with first half of 2010. Consolidated cement deliveries increased by 4.7 percent to 70.9 million tonnes. Shipments of aggregates increased by 11 percent to 81.3 million tonnes, and the volume of ready-mix concrete sold rose by 5.7 percent to 23.1 million cubic meters. Group region Europe achieved the biggest gain in the cement segment, for aggregates it was Latin America, and for ready-mix concrete North America.

However, the volume growth is not reflected in the statement of income. Due to currency effects, consolidated net sales decreased by 7 percent to CHF 10.1 billion and operating EBITDA declined by 19 percent to CHF 1.9 billion. The Group companies in Romania, Russia, Argentina, Thailand, Singapore and Indonesia in particular positively influenced the result. An appreciable number of other Group companies improved their results in local currency terms, but these successes were cancelled out in the consolidated financial statements by the strength of the Swiss franc. Rising costs on energy, raw materials and transportation primarily impacted the performance of the two Group companies in India. The operating EBITDA margin reached 18.7 percent (first half of 2010: 21.5). Internal operating EBITDA development was –7.2 percent. Cash flow from operating activities came to CHF 72 million due to the seasonal increase in net working capital, the lower operating EBITDA and one-off tax refunds in the previous year.

Net income declined 4.2 percent to CHF 586 million. The share attributable to shareholders of Holcim Ltd increased by 8 percent to CHF 357 million. This is explained mainly by the relatively high minority equity holdings in the large Group companies in India.

In the past twelve months, net financial debt decreased by 13.3 percent from CHF 14.1 billion to CHF 12.2 billion largely due to the depreciation of various currencies against the Swiss franc.

Rising sales of construction materials in Europe

Almost all the European Group countries saw increases in demand for building materials. However, market conditions remained difficult in the UK, Spain, Italy and in some markets of Eastern Europe. Public sector investment activity was subdued, and the tough competitive environment put pressure on prices.

Europe	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	12.8	12.0	+6.5	+6.5
Sales of aggregates in million t	41.3	37.5	+9.9	+4.9
Sales of ready-mix concrete in million m^3	8.0	7.8	+2.5	+1.9
Sales of asphalt in million t	2.8	2.9	–3.5	–3.5
Net sales in million CHF	3,086	3,304	–6.6	+3.5
Operating EBITDA in million CHF	378	500	–24.4	–17.2

Europe	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	7.7	7.7	–1.0	–1.0
Sales of aggregates in million t	23.0	21.8	+5.0	–0.9
Sales of ready-mix concrete in million m^3	4.4	4.7	–6.3	–6.6
Sales of asphalt in million t	1.3	1.5	–10.7	–10.7
Net sales in million CHF	1,722	1,970	–12.6	–2.6
Operating EBITDA in million CHF	303	363	–16.5	–7.9

Due to deliveries to important construction sites in London, Aggregate Industries UK in effect maintained its sales of ready-mix concrete at the previous year's level. Sales of aggregates decreased despite exports to continental Europe. Asphalt deliveries also declined as a result of cost-cutting measures in the road building sector.

Holcim France and Holcim Belgium Netherlands significantly increased their sales in all segments. However, in Belgium and Eastern France, Holcim fought hard for every order, particularly in the ready-mix concrete business. The gravel pits and ready-mix concrete plants acquired in Alsace and near Basel have been included in the scope of consolidation of Holcim France and Holcim Switzerland since January this year. As communicated in May, it is intended to close the Holcim France Benelux headquarters in La Hulpe near Brussels, making a key contribution to cost management.

At Holcim Germany, volumes increased strongly across all segments mainly due to the mild winter and a favorable economic environment. In the major conurbations, competition among suppliers of building materials remained intense. Thanks to strong demand in the Stuttgart region and higher exports to Switzerland, Holcim Southern Germany substantially increased sales in all segments. In Switzerland, the construction sector remained robust and plants were running at full capacity.

Owing to the difficult situation in the Italian construction materials markets, cement sales of Holcim Italy remained at the same levels as the previous year. An aggregates pit has been mothballed. The ready-mix concrete plants in Turin were incorporated into a joint venture. In Spain, construction activity continued to weaken, and Holcim Spain saw a marked decline in ready-mix concrete and cement volumes, but sold slightly more aggregates.

In Southeastern Europe, a number of infrastructure projects had a positive impact on demand for building materials. Almost all Group companies were able to maintain or slightly increase their dispatch of cement and aggregates despite pressure on prices. Holcim Romania sold more special binders for road building projects. The Group company in the Czech Republic benefited from major deliveries of aggregates for the construction of a tunnel in Prague. Holcim Serbia supplied ready-mix concrete for a new oil refinery, among other projects. At Holcim Slovakia's Rohožník plant, a heat recovery system is being installed which will generate power to cover part of the facilities' electricity requirements from 2013 onward.

Due to a rise in private sector construction activity, Holcim Russia significantly increased its sales of cement. In July, the new Shurovo cement plant, with an annual capacity of 2.1 million tonnes, was officially inaugurated. Commissioning work is still ongoing and is expected to be completed in the fourth quarter. In Azerbaijan, increased imports led to a slight decrease in cement deliveries. At the Garadagh plant, the new kiln line is expected to come on stream before the end of the year.

In the first half of 2011, consolidated cement sales in Europe increased by 6.5 percent to 12.8 million tonnes. Deliveries of aggregates grew by 9.9 percent to 41.3 million tonnes, and ready-mix concrete sales rose by 2.5 percent to 8 million cubic meters.

Despite the good volume development, operating EBITDA decreased by 24.4 percent to CHF 378 million. This was mainly due to the strength of the Swiss franc, higher costs and largely absent sales of CO_2 emission certificates in the first half year – CHF 1 million compared to CHF 65 million in the previous year period. Also on a like-for-like basis, operating EBITDA decreased. Most Group companies were not yet able to offset the rise in costs sufficiently with price increases. In Switzerland, the Czech Republic, Romania and Russia, Holcim achieved better results. At –17.2 percent, the internal operating EBITDA development remained negative, but Group region Europe performed significantly better in the second quarter of 2011 than in the first quarter.

Moderate growth in North America

The US economy continued to grow, although not equally strongly in all sectors and market regions. In Canada, the economy remained quite stable, but demand for building materials decreased slightly.

North America	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	5.0	5.0	–0.4	–0.4
Sales of aggregates in million t	17.5	15.5	+12.9	+2.6
Sales of ready-mix concrete in million m^3	2.9	2.5	+16.8	–7.2
Sales of asphalt in million t	1.5	1.5	+2.4	+2.4
Net sales in million CHF	1,189	1,405	–15.3	–5.5
Operating EBITDA in million CHF	92	140	–34.3	–25.1

North America	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	3.2	3.3	–2.5	–2.5
Sales of aggregates in million t	12.1	11.1	+9.2	–1.1
Sales of ready-mix concrete in million m^3	2.0	1.6	+22.0	–5.9
Sales of asphalt in million t	1.3	1.3	+2.9	+2.9
Net sales in million CHF	793	951	–16.6	–4.8
Operating EBITDA in million CHF	119	169	–29.6	–19.6

Apart from a few stimuli from road building projects, there was little sign of a sustained recovery in the US construction sector. The slight increase in volumes in the north of the country was not sufficient to make up for weak sales in the south. The general stagnation was reflected in the cement sales of Holcim US, which were only up slightly on the previous year. This was due to a combination of lack of demand and adverse weather conditions in some market regions in April.

Despite unrelenting competitive pressure, particularly in the ready-mix concrete segment, Aggregate Industries US succeeded in substantially increasing its shipments of aggregates, ready-mix concrete and asphalt. In the aggregates segment, delivery volumes were supported by an improvement in demand in the Mid-Atlantic region. The full takeover of Lattimore Materials in March this year led to a stronger market presence in Texas.

In Canada, construction activity declined slightly in all markets of relevance to Holcim. Project delays and bad weather impacted road building, and residential construction in Ontario. Holcim Canada therefore sold less cement, ready-mix concrete and asphalt. However, thanks to the significantly better demand in June, the Group company sold more aggregates.

Consolidated cement deliveries in Group region North America decreased slightly by 0.4 percent to 5 million tonnes. Mainly as a result of acquisition driven growth of Aggregate Industries US, sales of aggregates increased by 12.9 percent to 17.5 million tonnes and volumes of ready-mix concrete rose by 16.8 percent to 2.9 million cubic meters.

Due partially to currency factors, operating EBITDA for Group region North America decreased by 34.3 percent to CHF 92 million, with the mothballing of a cement plant impacting the result by an additional CHF 4.7 million. All three Group companies clearly missed their previous year's results. In the case of Holcim US, price decreases along with higher distribution costs compared with the previous year could only be partially offset by lower energy cost along with slightly higher volumes. However, a trend reversal has been in evidence since the beginning of the year, with prices in local currency holding constant since then. The new Ste. Genevieve plant made a positive contribution. Bad weather affected Aggregate Industries US's results. At Holcim Canada, higher production costs and rising price pressure played a part as well. Reducing costs remains a high priority for all Group companies. Internal operating EBITDA development came to –25.1 percent.

Sustained economic growth in Latin America

Latin America performed mostly positively, although the countries north of the Panama Canal continued to be influenced by the lackluster US economy. By contrast, the economies in the south enjoyed steady growth, with Brazil, Argentina, Chile and Colombia leading the way. This particularly benefited the construction sector. Holcim achieved higher sales volumes in virtually all markets and segments.

Latin America	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	11.7	11.1	+5.4	+5.4
Sales of aggregates in million t	7.0	5.9	+19.0	+19.0
Sales of ready-mix concrete in million m^3	5.3	4.9	+6.6	+6.6
Net sales in million CHF	1,644	1,725	–4.7	+8.9
Operating EBITDA in million CHF	438	523	–16.2	–3.4

Latin America	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	6.1	5.6	+8.4	+8.4
Sales of aggregates in million t	3.6	3.1	+20.2	+20.2
Sales of ready-mix concrete in million m^3	2.8	2.5	+7.5	+7.5
Net sales in million CHF	840	903	–6.9	+11.5
Operating EBITDA in million CHF	221	275	–19.6	–2.5

The Mexican economy recovered showing a slight improvement in domestic demand and an increase in industrial output. However, the willingness of the private sector to invest remained weak. Major public sector projects led to marked growth in aggregates volumes at Holcim Apasco. Volumes of cement and ready-mix concrete were also above the previous year's level.

El Salvador saw a significant increase in demand for building materials. The local Group company supplied greater volumes in all segments. In particular, there was an increase in sales of bulk cement for major construction projects. Holcim Costa Rica and Holcim Nicaragua felt the impact of fiercer competition and sold slightly less cement overall, although they did increase deliveries of aggregates and ready-mix concrete.

Holcim Colombia sold more cement due to the commissioning of a new cement mill. Deliveries of aggregates and ready-mix concrete also increased sharply. This was attributable to robust demand in the infrastructure sector as well as to residential and industrial construction activity. In Ecuador, Holcim also supplied more building materials across all segments. The increase was pronounced in the case of ready-mix concrete, supported by brisk road building and infrastructure construction activity.

The Brazilian construction sector continued to perform very well, and Holcim Brazil sold more cement. There was a slight decline in aggregates and ready-mix concrete, as heavy rainfall prevented some infrastructure projects from progressing on schedule.

In Chile, the competitive environment was difficult. However, Cemento Polpaico achieved a significant increase in volumes across its entire product range, most notably in the aggregates segment. The increase in construction activity in the center and south of the country had a positive impact on sales of ready-mix concrete, but prices in all segments continued to be under pressure. Minetti in Argentina was able to increase its shipments of cement slightly. There was a more substantial increase in deliveries of aggregates, but sales volumes in the ready-mix concrete segment declined due to the termination of road infrastructure projects.

Overall, sales of cement in Group region Latin America increased by 5.4 percent to 11.7 million tonnes. Deliveries of aggregates rose by 19 percent to 7 million tonnes, and ready-mix concrete volumes grew by 6.6 percent to 5.3 million cubic meters.

Despite the volume growth, operating EBITDA of Group region Latin America decreased by 16.2 percent to CHF 438 million. This reflects higher production and distribution costs as well as heavy price increases on petcoke. A particularly important factor was the strong Swiss franc, which depressed Holcim performance in Mexico and Ecuador in particular. Holcim El Salvador posted a better result compared with the previous year, while Holcim Colombia and Minetti in Argentina almost matched the previous year's results, supported by a positive volume development and lower fixed costs, respectively. Factoring out currency effects, Holcim improved its results in Argentina, Colombia and Mexico. Internal operating EBITDA development came to –3.4 percent.

Positive demand in Africa Middle East

In Morocco, economic conditions remained largely solid, although new competitors put pressure on the market share of the established cement manufacturers. In Lebanon, construction activity increased significantly from April onward, and in May, the local Group company reported record sales of cement. In the Indian Ocean region, construction activity accelerated in La Réunion in particular, while West Africa saw a decline owing to political factors.

Africa Middle East	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	4.4	4.7	–8.0	–8.0
Sales of aggregates in million t	1.1	1.3	–12.2	–12.2
Sales of ready-mix concrete in million m^3	0.6	0.5	+10.3	+10.3
Net sales in million CHF	483	596	–19.0	–5.5
Operating EBITDA in million CHF	168	209	–19.2	–6.3

Africa Middle East	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	2.4	2.6	–6.3	–6.3
Sales of aggregates in million t	0.7	0.8	–15.0	–15.0
Sales of ready-mix concrete in million m^3	0.3	0.3	+3.0	+3.0
Net sales in million CHF	264	324	–18.4	–3.5
Operating EBITDA in million CHF	96	118	–18.2	–3.9

In Morocco, the construction industry benefited from the development of the tourist sector and a number of infrastructure projects in the port, rail and road building sectors. In a tougher competitive environment, Holcim Morocco sold less cement and aggregates. However, ready-mix concrete volumes increased as the Group company benefited from the expansion of the Rabat–Casablanca motorway. In Lebanon, numerous residential construction projects had a positive impact on demand for cement; Holcim Lebanon's export activity remained insignificant. Despite delays to a number of projects in the Beirut area, deliveries of ready-mix concrete increased.

The Group companies based in the Indian Ocean region achieved higher deliveries of building materials. While the increase was moderate in the case of cement, shipments of aggregates and ready-mix concrete rose more sharply, supported by accelerated demand in La Réunion. The operations managed by Holcim Trading in West Africa felt the impact of the political instability and sold less cement. In the Arabian Gulf, sales were stable.

Cement sales in Group region Africa Middle East decreased by 8 percent to 4.4 million tonnes. Sales of aggregates also fell by 12.2 percent to 1.1 million tonnes, while deliveries of ready-mix concrete rose by 10.3 percent to 0.6 million cubic meters.

Group region Africa Middle East's operating EBITDA decreased by 19.2 percent to CHF 168 million. One factor that had an appreciable impact was the declining performance of Holcim Morocco, which adversely affected the consolidated result of this region as a result of lower sales of cement and aggregates and the weaker local currency. Factoring out the unfavorable exchange rate development, Lebanon exceeded the previous year's performance. Internal operating EBITDA development came to –6.3 percent.

Continued expansion in Group region Asia Pacific

Nearly all Asian markets enjoyed healthy construction activity and brisk demand for cement. Sales in Oceania were temporarily depressed by the floods in Eastern Australia and the major earthquake in New Zealand.

Asia Pacific	January–June 2011	January–June 2010	±%	±% like-for-like
Sales of cement in million t	38.1	36.5	+4.4	+4.4
Sales of aggregates in million t	14.4	13.0	+10.6	+10.6
Sales of ready-mix concrete in million m^3	6.4	6.2	+4.2	+4.2
Net sales in million CHF	4,065	4,195	–3.1	+9.7
Operating EBITDA in million CHF	928	1,072	–13.4	–1.1

Asia Pacific	April–June 2011	April–June 2010	±%	±% like-for-like
Sales of cement in million t	18.8	18.3	+2.5	+2.5
Sales of aggregates in million t	7.5	6.9	+9.4	+9.4
Sales of ready-mix concrete in million m^3	3.3	3.3	+1.7	+1.7
Net sales in million CHF	2,029	2,191	–7.4	+9.7
Operating EBITDA in million CHF	457	565	–19.1	–2.9

In India, demand in residential construction and the infrastructure sector weakened slightly overall due to a combination of rising interest rates, high inflation, transportation problems and the shortage of qualified construction staff. However, the development was different from region to region. Demand for building materials remained strong in the north of India, but below expectations. Construction activity was more stable in the west and east of the country. By contrast, the market situation in Southern India was more difficult. Both Group companies sold more cement in the first half of the year, with ACC in particular benefiting from capacity expansion in this segment. Sales of ready-mix concrete practically remained at the previous year's level. In the second quarter, the Group increased its shareholdings in ACC and Ambuja Cements to more than 50 percent.

Holcim Lanka significantly increased its sales of cement amid rising competitive pressure. Holcim Bangladesh was also able to increase its shipments of cement despite the early onset of the monsoon and countrywide work stoppages lasting several days in May.

In Thailand, demand for building materials increased slightly, and Siam City Cement sold more cement within the country, but exported less. Volumes of aggregates and ready-mix concrete increased appreciably. Holcim also delivered more cement in Vietnam and Malaysia. Holcim Malaysia was able to substantially increase its ready-mix concrete volumes. In Singapore, sales of ready-mix concrete slightly decreased.

The construction sector in Indonesia experienced a boom thanks to an economic policy geared to growth and relatively low interest rates; residential construction activity benefited from this particularly. Holcim Indonesia's delivery volumes increased significantly in all three segments, but particularly in the aggregates and ready-mix concrete segments. Construction work on the new cement plant in Tuban in East Java has started according to schedule.

In the Philippines, private residential construction activity remained solid. However, the government delayed awarding several cement-intensive infrastructure projects, which led to a decline in the Group company's deliveries amid intensified competition. Sales of aggregates and ready-mix concrete increased.

The Australian economy was supported by the mining sector, which benefited from brisk demand for raw materials from the Asian emerging markets in particular. Cement Australia sold slightly less cement because of the floods at the beginning of the year, while Holcim Australia sold more aggregates thanks to buoyant demand on the East Coast. The ready-mix concrete segment nearly maintained the previous year's level. Holcim New Zealand sold less building materials in all segments, as the earthquake temporarily had a negative impact.

In the first half of the year, consolidated cement deliveries in Group region Asia Pacific increased by 4.4 percent to 38.1 million tonnes. In particular, volumes strongly increased in India and Indonesia. Aggregates saw an increase of 10.6 percent to 14.4 million tonnes. The main contributions toward this positive performance came from Australia, Indonesia and Thailand. Shipments of ready-mix concrete rose by 4.2 percent to 6.4 million cubic meters.

The operating EBITDA of Group region Asia Pacific decreased by 13.4 percent to CHF 928 million. In particular, the Group companies in Thailand, Indonesia and Singapore improved their results, as did Holcim Australia. The results of the Group companies in Vietnam, Indonesia and India were mainly affected by the strong Swiss franc. Holcim's performance in the Philippines, Sri Lanka, Bangladesh and New Zealand declined. Increasing costs of raw materials, energy and transport also had a negative impact on operating EBITDA. Internal operating EBITDA development came to –1.1 percent.

Outlook

As a leading supplier for the construction industry, Holcim depends heavily on developments in economic activity, which are currently not easy to read. In Europe, we expect a rise in demand for construction materials in many places. By contrast, there is not yet a sign of an upturn in the construction sector in North America. Most emerging markets in Latin America and Asia are expected to remain on a positive track for growth, while no change is anticipated in business conditions in Group region Africa Middle East. The global rise in energy, raw material and transportation costs as well as the related margin squeeze call for further price adjustments. This and continuous and consistent cost management are focal points at all levels of the Group. For the current financial year, Holcim expects a like-for-like operating EBITDA that will be close to last year's level.

The Board of Directors and the Executive Committee are confident that the Group will be successful in securing its share of future growth in the emerging countries due to the consistently expanded presence in these markets. In Europe and North America, Holcim's lean cost structures will enable it to benefit more than average from economic recovery.

Rolf Soiron
Chairman of the Board of Directors

Markus Akermann
Chief Executive Officer

August 18, 2011

Consolidated statement of income of Group Holcim

Million CHF	Notes	January–June 2011 Unaudited	January–June 2010 Unaudited	April–June 2011 Unaudited	April–June 2010 Unaudited
Net sales	6	**10,143**	**10,902**	**5,486**	**6,161**
Production cost of goods sold		(5,792)	(6,116)	(3,051)	(3,386)
Gross profit		**4,351**	**4,786**	**2,436**	**2,775**
Distribution and selling expenses		(2,583)	(2,650)	(1,366)	(1,457)
Administration expenses		(683)	(720)	(332)	(362)
Operating profit		**1,084**	**1,416**	**737**	**956**
Other income	8	0	29	1	15
Share of profit of associates		80	77	77	32
Financial income	9	76	17	44	(3)
Financial expenses	10	(409)	(466)	(214)	(244)
Net income before taxes		**831**	**1,073**	**645**	**756**
Income taxes	12	(246)	(462)	(181)	(211)
Net income		**586**	**611**	**464**	**545**
Attributable to:					
Shareholders of Holcim Ltd		357	331	347	399
Non-controlling interest		229	280	117	146
Earnings per share in CHF					
Earnings per share[1]		1.12	1.03	1.09	1.25
Fully diluted earnings per share[1]		1.12	1.03	1.09	1.25

Million CHF					
Operating EBITDA	4, 7	1,897	2,343	1,144	1,434
EBITDA	4	2,005	2,431	1,241	1,459

[1] EPS calculation based on net income attributable to shareholders of Holcim Ltd weighted by the average number of shares.

Consolidated statement of comprehensive earnings of Group Holcim

Million CHF	January–June 2011 Unaudited	January–June 2010 Unaudited	April–June 2011 Unaudited	April–June 2010 Unaudited
Net income	**586**	**611**	**464**	**545**
Other comprehensive earnings				
Currency translation effects				
– Exchange differences on translation	(1,992)	289	(1,979)	(351)
– Tax effect	(2)	2	1	3
Available-for-sale financial assets				
– Change in fair value	(4)	(1)	(3)	
– Realized through statement of income				
– Tax effect				
Cash flow hedges				
– Change in fair value	(3)	12	(2)	9
– Realized through statement of income				
– Tax effect			1	
Net investment hedges in subsidiaries				
– Change in fair value	(2)		(1)	
– Tax effect				
Total other comprehensive earnings	**(2,003)**	**302**	**(1,983)**	**(339)**
Total comprehensive earnings	**(1,417)**	**913**	**(1,519)**	**206**
Attributable to:				
Shareholders of Holcim Ltd	(1,344)	540	(1,378)	112
Non-controlling interest	(73)	373	(141)	94

Consolidated statement of financial position of Group Holcim

Million CHF	30.6.2011 Unaudited	31.12.2010 Audited	30.6.2010 Unaudited
Cash and cash equivalents	3,205	3,386	3,625
Marketable securities	23	30	36
Accounts receivable	3,131	2,590	4,030
Inventories	2,160	2,072	2,319
Prepaid expenses and other current assets	441	416	403
Assets classified as held for sale	18	18	238
Total current assets	**8,979**	**8,512**	**10,651**
Long-term financial assets	766	921	664
Investments in associates	1,203	1,432	1,453
Property, plant and equipment	21,582	23,343	25,405
Intangible assets	8,372	9,061	9,983
Deferred tax assets	418	385	232
Other long-term assets	557	605	338
Total long-term assets	**32,898**	**35,747**	**38,075**
Total assets	**41,876**	**44,259**	**48,726**
Trade accounts payable	1,998	2,303	2,120
Current financial liabilities	3,598	2,468	3,477
Current income tax liabilities	447	555	501
Other current liabilities	1,629	1,632	1,882
Short-term provisions	197	256	248
Total current liabilities	**7,869**	**7,214**	**8,228**
Long-term financial liabilities	11,812	12,281	14,223
Defined benefit obligations	290	317	370
Deferred tax liabilities	1,988	2,203	2,333
Long-term provisions	1,078	1,123	1,235
Total long-term liabilities	**15,169**	**15,924**	**18,161**
Total liabilities	**23,038**	**23,138**	**26,389**
Share capital	654	654	654
Capital surplus	8,890	9,371	9,366
Treasury shares	(489)	(476)	(478)
Reserves	7,029	8,552	9,522
Total equity attributable to shareholders of Holcim Ltd	**16,084**	**18,101**	**19,064**
Non-controlling interest	2,754	3,020	3,273
Total shareholders' equity	**18,838**	**21,121**	**22,337**
Total liabilities and shareholders' equity	**41,876**	**44,259**	**48,726**

Statement of changes in consolidated equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares	*Retained earnings*
Equity as at January 1, 2011	**654**	**9,371**	**(476)**	**15,688**
Net income				357
Other comprehensive earnings				
Total comprehensive earnings				357
Payout		(480)		
Change in treasury shares			(23)	1
Share-based remuneration		(1)	10	1
Capital paid-in by non-controlling interest				
Acquisition and disposal of participation in Group companies				
Change in participation in existing Group companies				(181)
Equity as at June 30, 2011 (unaudited)	**654**	**8,890**	**(489)**	**15,866**
Equity as at January 1, 2010	**654**	**9,368**	**(455)**	**15,019**
Net income				331
Other comprehensive earnings				
Total comprehensive earnings				331
Payout				(480)
Change in treasury shares			(30)	7
Share-based remuneration		(2)	7	
Capital paid-in by non-controlling interest				
Change in participation in existing Group companies				(9)
Equity as at June 30, 2010 (unaudited)	**654**	**9,366**	**(478)**	**14,868**

Available-for-sale reserve	*Cash flow hedging reserve*	*Currency translation adjustments*	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Non-controlling interest	Total shareholders' equity
249	**7**	**(7,392)**	**8,552**	**18,101**	**3,020**	**21,121**
			357	357	229	586
(4)	(3)	(1,694)	(1,701)	(1,701)	(302)	(2,003)
(4)	(3)	(1,694)	(1,344)	(1,344)	(73)	(1,417)
				(480)	(123)	(603)
			1	(22)		(22)
			1	10	1	11
					4	4
					25	25
			(181)	(181)	(100)	(281)
245	**4**	**(9,086)**	**7,029**	**16,084**	**2,754**	**18,838**

(2)	**(2)**	**(5,549)**	**9,466**	**19,033**	**3,011**	**22,044**
			331	331	280	611
(1)	12	198	209	209	93	302
(1)	12	198	540	540	373	913
			(480)	(480)	(132)	(612)
			7	(23)		(23)
				5	2	7
					20	20
		(2)	(11)	(11)	(1)	(12)
(3)	**10**	**(5,353)**	**9,522**	**19,064**	**3,273**	**22,337**

Consolidated statement of cash flows of Group Holcim

Million CHF	Notes	January–June 2011 Unaudited	January–June 2010 Unaudited	April–June 2011 Unaudited	April–June 2010 Unaudited
Net income before taxes		**831**	**1,073**	**645**	**756**
Other income	8	0	(29)	(1)	(15)
Share of profit of associates		(80)	(77)	(77)	(32)
Financial expenses net	9, 10	333	449	171	247
Operating profit		**1,084**	**1,416**	**737**	**956**
Depreciation, amortization and impairment of operating assets		813	927	406	478
Other non-cash items		118	137	68	105
Change in net working capital		(1,302)	(1,026)	(338)	(251)
Cash generated from operations		**714**	**1,454**	**874**	**1,288**
Dividends received		123	167	93	159
Interest received		60	68	31	31
Interest paid		(379)	(481)	(193)	(258)
Income taxes paid	12	(427)	(293)	(189)	(52)
Other expenses		(20)	(9)	(7)	(5)
Cash flow from operating activities (A)		**72**	**906**	**609**	**1,163**
Purchase of property, plant and equipment		(651)	(760)	(344)	(427)
Disposal of property, plant and equipment		31	67	15	41
Acquisition of participation in Group companies		(23)	(60)	(11)	0
Disposal of participation in Group companies		3	0	0	0
Purchase of financial assets, intangible and other assets		(74)	(119)	(18)	(43)
Disposal of financial assets, intangible and other assets		62	100	46	34
Cash flow used in investing activities (B)		**(652)**	**(772)**	**(312)**	**(395)**
Dividends paid on ordinary shares	14	(480)	(480)	(480)	(480)
Dividends paid to non-controlling interest		(119)	(132)	(107)	(118)
Capital paid-in by non-controlling interest		4	20	3	1
Movements of treasury shares		(22)	(23)	(3)	(6)
Proceeds from current financial liabilities		3,038	3,130	1,499	2,112
Repayment of current financial liabilities		(2,317)	(3,648)	(1,233)	(2,744)
Proceeds from long-term financial liabilities		2,165	2,027	1,339	1,720
Repayment of long-term financial liabilities		(1,546)	(2,092)	(858)	(1,555)
Increase in participation in existing Group companies		(317)	(43)	(277)	(12)
Decrease in participation in existing Group companies		27	30	27	0
Cash flow from (used in) financing activities (C)		**433**	**(1,211)**	**(90)**	**(1,082)**
(De)Increase in cash and cash equivalents (A+B+C)		**(147)**	**(1,077)**	**207**	**(314)**
Cash and cash equivalents as at the beginning of the period (net)		**3,069**	**4,261**	**2,712**	**3,568**
(De)Increase in cash and cash equivalents		(147)	(1,077)	207	(314)
Currency translation effects		(221)	53	(219)	(17)
Cash and cash equivalents as at the end of the period (net)[1]		**2,701**	**3,237**	**2,701**	**3,237**

[1] Cash and cash equivalents at the end of the period include bank overdrafts of CHF 505 million (2010: 388), disclosed in current financial liabilities.

1 Basis of preparation

The unaudited consolidated half-year interim financial statements (hereafter "interim financial statements") are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2010 (hereafter "annual financial statements") except for the adoption as of January 1, 2011 of IAS 24 (amended) *Related Party Disclosures,* IFRIC 14 (amended) *IAS 19 – Prepayment of a minimum funding requirement* and *Improvements to IFRSs*. The amendments to IAS 24 (amended) are disclosure-related only and have no impact on the Group's financial statements. The amendment to IFRIC 14 (amended) clarifies that companies recognize the benefit of a prepayment as a pension asset. The effect of applying this amendment has no material effect on the Group's financial statements. The improvements to IFRSs relate largely to clarification issues only. Therefore, the effect of applying these amendments has no material impact on the Group's financial statements.

The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

2 Changes in the scope of consolidation

During the first half year of 2011 and 2010, there were no business combinations that were either individually material or that were considered material on an aggregated basis.

3 Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

Holcim usually experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

4 Information by reportable segment

	Europe		North America		Latin America		Africa Middle East		Asia Pacific		Corporate/ Eliminations		Total Group	
January–June (unaudited)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Capacity and sales														
Million t														
Annual cement production capacity[1]	49.4	50.0	23.2	23.2	33.4	33.4	11.2	11.2	94.9	93.7			212.1	211.5
Sales of cement	12.8	12.0	5.0	5.0	11.7	11.1	4.4	4.7	38.1	36.5	(1.1)	(1.5)	70.9	67.8
– of which mature markets	8.3	7.8	5.0	5.0					2.2	2.3	(0.5)	(0.2)	14.9	14.9
– of which emerging markets	4.6	4.2			11.7	11.1	4.4	4.7	35.9	34.2	(0.6)	(1.3)	56.0	52.9
Sales of mineral components	1.1	0.6	0.6	0.6					0.6	0.5			2.2	1.7
Sales of aggregates	41.3	37.5	17.5	15.5	7.0	5.9	1.1	1.3	14.4	13.0			81.3	73.2
– of which mature markets	36.7	34.2	17.5	15.5					12.6	11.6			66.8	61.3
– of which emerging markets	4.6	3.3			7.0	5.9	1.1	1.3	1.8	1.4			14.5	11.9
Sales of asphalt	2.8	2.9	1.5	1.5									4.3	4.4
Million m^3														
Sales of ready-mix concrete	8.0	7.8	2.9	2.5	5.3	4.9	0.6	0.5	6.4	6.2			23.1	21.9
– of which mature markets	7.2	7.0	2.9	2.5					2.7	2.8			12.8	12.3
– of which emerging markets	0.8	0.8			5.3	4.9	0.6	0.5	3.7	3.4			10.3	9.6
Statement of income and statement of financial position														
Million CHF														
Net sales to external customers	2,996	3,239	1,189	1,405	1,607	1,725	483	596	3,868	3,937			10,143	10,902
Net sales to other segments	90	65			37				197	258	(324)	(323)		
Total net sales	3,086	3,304	1,189	1,405	1,644	1,725	483	596	4,065	4,195	(324)	(323)	10,143	10,902
– of which mature markets	2,600	2,792	1,189	1,405					1,155	1,137	(154)	(153)	4,791	5,181
– of which emerging markets	486	512			1,644	1,725	483	596	2,910	3,058	(170)	(170)	5,352	5,721
Operating EBITDA	378	500	92	140	438	523	168	209	928	1,072	(108)	(101)	1,897	2,343
– of which mature markets	276	343	92	140					182	182	(52)	(27)	499	638
– of which emerging markets	102	157			438	523	168	209	746	890	(55)	(74)	1,399	1,705
Operating EBITDA margin in %	12.3	15.1	7.7	10.0	26.7	30.3	34.9	35.1	22.8	25.6			18.7	21.5
EBITDA	369	494	76	659	361	451	158	198	931	1,071	110	(442)	2,005	2,431
Operating profit	107	193	(63)	(40)	337	419	144	181	678	777	(118)	(114)	1,084	1,416
Operating profit margin in %	3.5	5.8	(5.3)	(2.8)	20.5	24.3	29.8	30.4	16.7	18.5			10.7	13.0
Net operating assets[1]	8,750	8,738	6,343	6,809	3,723	4,000	669	695	8,842	9,371	153	204	28,481	29,817
Total assets[1]	14,639	14,379	7,421	7,882	4,850	5,315	1,242	1,250	13,222	14,095	503	1,338	41,876	44,259

[1] Prior-year figures as of December 31, 2010.

	Europe		North America		Latin America		Africa Middle East		Asia Pacific		Corporate/ Eliminations		Total Group	
April–June (unaudited)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Capacity and sales														
Million t														
Sales of cement	7.7	7.7	3.2	3.3	6.1	5.6	2.4	2.6	18.8	18.3	(0.5)	(0.7)	37.7	36.8
– of which mature markets	4.6	4.8	3.2	3.3					1.2	1.2	(0.2)	(0.1)	8.7	9.2
– of which emerging markets	3.1	2.9			6.1	5.6	2.4	2.6	17.6	17.1	(0.2)	(0.6)	29.0	27.6
Sales of mineral components	0.4	0.4	0.4	0.4					0.3	0.3			1.1	1.1
Sales of aggregates	23.0	21.8	12.1	11.1	3.6	3.1	0.7	0.8	7.5	6.9			47.0	43.7
– of which mature markets	19.9	19.5	12.1	11.1					6.6	6.1			38.6	36.7
– of which emerging markets	3.1	2.3			3.6	3.1	0.7	0.8	1.0	0.8			8.3	7.0
Sales of asphalt	1.3	1.5	1.3	1.3									2.7	2.8
Million m^3														
Sales of ready-mix concrete	4.4	4.7	2.0	1.6	2.8	2.5	0.3	0.3	3.3	3.3			12.7	12.4
– of which mature markets	3.9	4.1	2.0	1.6					1.4	1.5			7.2	7.2
– of which emerging markets	0.5	0.6			2.8	2.5	0.3	0.3	1.9	1.8			5.5	5.2
Statement of income														
Million CHF														
Net sales to external customers	1,665	1,934	793	951	822	903	264	324	1,942	2,049			5,486	6,161
Net sales to other segments	57	36			18				87	142	(162)	(178)		
Total net sales	1,722	1,970	793	951	840	903	264	324	2,029	2,191	(162)	(178)	5,486	6,161
– of which mature markets	1,399	1,621	793	951					617	612	(82)	(89)	2,727	3,095
– of which emerging markets	323	349			840	903	264	324	1,412	1,579	(81)	(89)	2,759	3,066
Operating EBITDA	303	363	119	169	221	275	96	118	457	565	(52)	(56)	1,144	1,434
– of which mature markets	204	242	119	169					100	112	(27)	(20)	396	503
– of which emerging markets	99	121			221	275	96	118	357	453	(25)	(36)	748	931
Operating EBITDA margin in %	17.6	18.4	15.0	17.8	26.4	30.5	36.3	36.4	22.5	25.8			20.9	23.3
EBITDA	305	369	112	176	183	234	90	111	456	563	96	5	1,241	1,459
Operating profit	166	205	37	74	173	223	84	103	335	410	(57)	(59)	737	956
Operating profit margin in %	9.6	10.4	4.7	7.8	20.5	24.7	31.6	31.8	16.5	18.7			13.4	15.5

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

Million CHF (unaudited)	Notes	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Operating profit		**1,084**	**1,416**	**737**	**956**
Depreciation, amortization and impairment of operating assets		813	927	406	478
Operating EBITDA		**1,897**	**2,343**	**1,144**	**1,434**
Dividends earned	8	1	3	1	2
Other ordinary income	8	1	29	2	15
Share of profit of associates		80	77	77	32
Other financial income	9	25	(21)	17	(24)
EBITDA		**2,005**	**2,431**	**1,241**	**1,459**
Depreciation, amortization and impairment of operating assets		(813)	(927)	(406)	(478)
Depreciation, amortization and impairment of non-operating assets	8	(2)	(3)	(1)	(2)
Interest earned on cash and marketable securities	9	51	38	26	21
Financial expenses	10	(409)	(466)	(214)	(244)
Net income before taxes		**831**	**1,073**	**645**	**756**

5 Information by product line

Million CHF	Cement[1]		Aggregates		Other construction materials and services		Corporate/ Eliminations		Total Group	
January–June (unaudited)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Statement of income and statement of financial position										
Net sales to external customers	6,045	6,509	780	757	3,318	3,636			10,143	10,902
Net sales to other segments	655	665	442	460	329	317	(1,425)	(1,442)		
Total net sales	6,700	7,174	1,222	1,217	3,646	3,953	(1,425)	(1,442)	10,143	10,902
Operating EBITDA	1,637	2,044	222	222	38	77			1,897	2,343
Operating EBITDA margin in %	24.4	28.5	18.2	18.2	1.1	1.9			18.7	21.5
Net operating assets[2]	18,768	19,907	5,517	5,822	4,197	4,088			28,481	29,817

[1] Cement, clinker and other cementitious materials.
[2] Prior-year figures as of December 31, 2010.

Million CHF	Cement[1]		Aggregates		Other construction materials and services		Corporate/ Eliminations		Total Group	
April–June (unaudited)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Statement of income										
Net sales to external customers	3,197	3,603	447	450	1,842	2,108			5,486	6,161
Net sales to other segments	352	384	239	259	169	187	(760)	(830)		
Total net sales	3,549	3,987	686	709	2,011	2,295	(760)	(830)	5,486	6,161
Operating EBITDA	922	1,160	164	168	59	106			1,144	1,434
Operating EBITDA margin in %	26.0	29.1	23.9	23.7	2.9	4.6			20.9	23.3

[1] Cement, clinker and other cementitious materials.

6 Change in net sales

Million CHF	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Volume and price	503	(85)	182	66
Change in structure	88	680	59	397
Currency translation effects	(1,351)	225	(916)	139
Total	**(759)**	**820**	**(675)**	**602**

7 Change in operating EBITDA

Million CHF	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Volume, price and cost	(169)	42	(87)	(55)
Change in structure	0	105	0	69
Currency translation effects	(276)	53	(203)	40
Total	**(445)**	**200**	**(290)**	**54**

8 Other income

Million CHF	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Dividends earned	1	3	1	2
Other ordinary income	1	29	2	15
Depreciation, amortization and impairment of non-operating assets	(2)	(3)	(1)	(2)
Total	**0**	**29**	**1**	**15**

9 Financial income

Million CHF	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Interest earned on cash and marketable securities	51	38	26	21
Other financial income	25	(21)	17	(24)
Total	**76**	**17**	**44**	**(3)**

The position “other financial income” relates primarily to interest income from loans and receivables. In the first half of the year 2010, a value adjustment of CHF 44 million on long-term financial receivables – associates has been recognized in this position.

10 Financial expenses

Million CHF	January–June 2011	January–June 2010	April–June 2011	April–June 2010
Interest expenses	(333)	(412)	(164)	(208)
Amortization on bonds and private placements	(5)	(5)	(3)	(2)
Unwinding of discount on provisions	(10)	(13)	(3)	(7)
Other financial expenses	(52)	(46)	(29)	(26)
Foreign exchange loss net	(20)	(14)	(22)	(12)
Financial expenses capitalized	11	24	6	11
Total	**(409)**	**(466)**	**(214)**	**(244)**

The positions "interest expenses" and "other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

11 Bonds

On May 18, 2011, Holcim Ltd and Holcim Overseas Finance Ltd. invited holders of the CHF 500 million bond due June 2012 and of the CHF 250 million bond due February 2013 to tender their bonds for cash. The aggregate principal amount of the bonds tendered with respect to the CHF 500 million bond was CHF 210 million and with respect to the CHF 250 million bond was CHF 95 million. The tendered bonds were accepted in full and cancelled.

Concurrent with the invitation to tender bonds for cash, Holcim Overseas Finance Ltd. issued a CHF 425 million bond with a coupon of 3.375 percent and a tenor of 10 years, guaranteed by Holcim Ltd. The proceeds were used to finance the cash tender offer for the CHF 250 million bond and for general corporate purposes.

12 Income taxes

As a last restructuring step following the buyout of the non-controlling interest in Holcim (Canada) Inc., Holcim (US) Inc. transferred in the first quarter 2010 its entire stake in Holcim (Canada) Inc. to its parent company Holcim Ltd. As a consequence, Holcim (US) Inc. realized a capital gain in the amount of CHF 518 million, which is eliminated in the Group's consolidated accounts. The non-recurring tax charge of USD 171 million (CHF 186 million) on the capital gain appears as of the first quarter 2010 in deferred taxes. However, this charge is cash-neutral as it is fully offset by tax losses carried forward.

"Income taxes paid" in the first half-year of 2011 were higher in comparison to the previous corresponding period. In the second quarter of 2010, Holcim (US) Inc. received a tax refund pursuant to a change in local tax law which enabled it to offset tax losses incurred in 2009 against taxable income of the previous five years.

13 Contingencies and commitments

The Group's commitments amounted to CHF 1,431 million (December 31, 2010: 1,236). The increase is mainly related to capital expenditures for a new cement plant in Indonesia. There have been no significant changes for contingencies.

14 Payout

In conformity with the decision taken at the annual general meeting on May 5, 2011, a payout related to 2010 of CHF 1.50 per registered share has been paid out of capital contribution reserves. This resulted in a total payment of CHF 480 million.

15 Events after the reporting period

There were no significant events after the reporting period.

16 Principal exchange rates

	Statement of income Average exchange rates in CHF January–June		Statement of financial position Closing exchange rates in CHF		
	2011	2010	30.6.2011	31.12.2010	30.6.2010
1 EUR	1.27	1.43	1.21	1.25	1.32
1 USD	0.90	1.08	0.83	0.94	1.08
1 GBP	1.46	1.65	1.34	1.45	1.63
1 AUD	0.94	0.97	0.89	0.95	0.92
100 BRL	55.51	60.32	52.94	56.33	59.76
1 CAD	0.93	1.05	0.86	0.94	1.03
1,000 IDR	0.10	0.12	0.10	0.10	0.12
100 INR	2.01	2.37	1.86	2.09	2.32
100 MXN	7.59	8.56	7.07	7.56	8.41
100 PHP	2.08	2.37	1.92	2.14	2.32

Holcim securities

The Holcim shares (security code number 1221405) are listed on the SIX Swiss Exchange and traded on the Main Standard of SIX Swiss Exchange. Telekurs lists the registered share under HOLN. The corresponding code under Bloomberg is HOLN VX, while Thomson Reuters uses the abbreviation HOLN.VX. Every share carries one vote. The market capitalization of Holcim Ltd amounted to CHF 20.8 billion at June 30, 2011.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance.

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document.

Holcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Financial reporting calendar

Press and analyst conference for the third quarter 2011	November 9, 2011
Press and analyst conference on annual results for 2011	February 29, 2012
General meeting of shareholders	April 17, 2012
Results for the first quarter 2012	May 9, 2012
Half-year results for 2012	August 15, 2012
Press and analyst conference for the third quarter 2012	November 7, 2012

Holcim Ltd
Zürcherstrasse 156
CH-8645 Jona/Switzerland
Phone +41 58 858 86 00
Fax +41 58 858 86 09
info@holcim.com
www.holcim.com

Corporate Communications
Roland Walker
Phone +41 58 858 87 10
Fax +41 58 858 87 19
communications@holcim.com

Investor Relations
Bernhard A. Fuchs
Phone +41 58 858 87 87
Fax +41 58 858 80 09
investor.relations@holcim.com

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Holcim is a worldwide leading producer of cement and aggregates. Further activities include the provision of ready-mix concrete and asphalt as well as other services. The Group works in around 70 countries and employs more than 80,000 people.