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Good half-year results: With a further increase in net income the "Holderbank" Group confirms its strength and flexibility in the face of rapidly changing market conditions.

1999

HALF-YEAR REPORT

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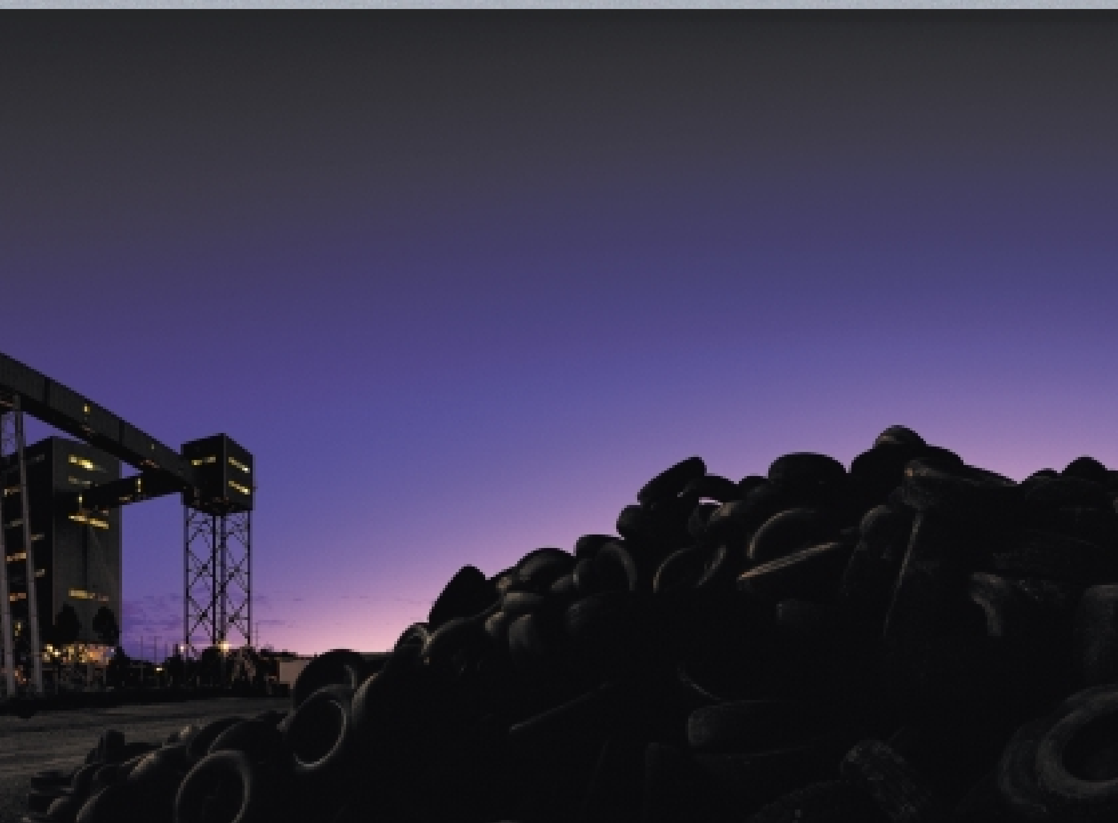
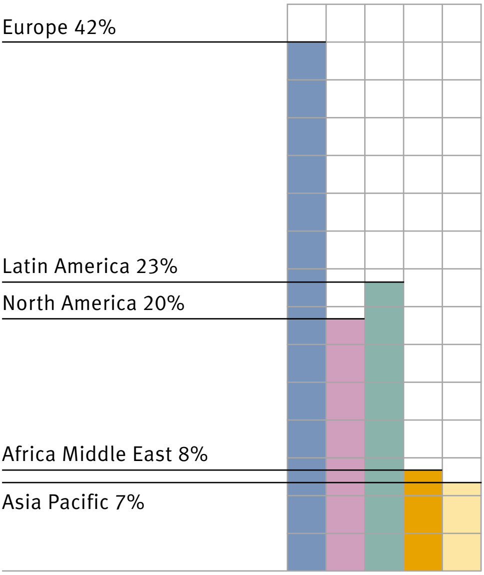
The Gladstone plant of Queensland Cement Ltd. (Australia). The new kiln line offers various possibilities for the use of alternative fuels.



"Holderbank" Group

First half		1999	1998	±%
Sales of cement and clinker	million t	35.3	31.7	+11.4
Sales of aggregates	million t	40.0	38.0	+5.3
Sales of ready-mixed concrete	million m^3	10.4	10.0	+4.0
Personnel	number	40,932	39,651	+3.2
Net sales	million CHF	5,660	5,366	+5.5
Operating profit	million CHF	749	719	+4.2
Cash flow from operating activities	million CHF	483	485	-0.4
Group net income before minority interests	million CHF	391	372	+5.1
Group net income after minority interests	million CHF	311	290	+7.2
Earnings per dividend-bearing bearer share	CHF	43.95	40.65	+8.1
Fully diluted earnings per bearer share	CHF	43.50	40.20	+8.2
Fully diluted earnings per registered share	CHF	8.70	8.04	+8.2

Net sales per region first half



The half-year result was again very favorable and underscored the strength of the Group in the face of rapidly changing market conditions. Once more the three major "Holderbank" regions Europe, North America and Latin America were key contributors to the Group's overall success. The two other regions Africa Middle East and Asia Pacific also succeeded in boosting both sales volume and revenue. Juan Minetti, the number two in the Argentine cement market, was consolidated for the first time during the period under review. The decision to boost our presence in Asia last year proved to be strategically sound. The companies in that region are again in good financial shape and prepared for the next economic upswing.

Dear shareholders and employees,
Ladies and gentlemen,

Very Good Half-Year Results

"Holderbank" posted further growth in the first half of 1999. The unbroken earning power of the Group stems from a satisfying level of demand in many markets and is also a sign of our intrinsic strength that comes with greater efficiency – particularly in production – as well as further concentration on our core business. Compared with the first six months of 1998, our Group companies in Europe, North America, Africa and the Middle East made a stronger contribution to operating profit. Owing to higher depreciation in connection with the commissioning of the new cement plant in Vietnam and a new kiln line in the Philippines, the operating profit of the Group region Asia Pacific remained at the same level as 1998. A slight decline in operating profit was recorded, however, for Latin America. Argentine-based Juan Minetti, resulting from the merger with "Holderbank" Group company Corcemar, was consolidated for the first time. This new company has rapidly become integrated into the Group network and is in the process of accessing available synergy potential. Overall the operating profit of the Group increased by 4 percent to CHF 749 million and Group net income after minority interests rose by 7 percent to CHF 311 million. Cash flow from operating activities was maintained at an equivalent level to the previous first half-year. However, if currency factors and changes in the scope of consolidation are excluded, cash flow from operating activities increased by 13 percent.

Improved Economic Environment in Europe

Reflecting a flow of public-sector credit into infrastructure expansion and some growth in private construction in various locations, demand for building materials increased in all of "Holderbank's" major European markets. This is especially positive due to the hard winter in the Alpine region hampering the start of the season. Cement consumption is likely to rise further in the second half of the year and is expected to produce a sustained improvement in results.

Strong Business Activity in North America

Cement sales in the United States once again exceeded the already high figure for 1998, causing the cement industry to increase imports. During the past six months, Canada's economy also picked up substantially. This, together with further gains in productivity, resulted in Group company St. Lawrence Cement achieving a marked performance improvement. At both Group companies, new plants are in the planning or construction phase to reduce capacity bottlenecks and optimize distribution cost structures. Favorable business development will also be clearly reflected in the full year figures for both firms.

Latin America Remains a Strong Group Region

From the Group standpoint, the construction business in Mexico and Costa Rica developed very satisfactorily. Group companies Apasco and Grupo Incsa-PC significantly improved their financial results. In South America, the effects of the Asian crisis, together with prevailing political uncertainties, impacted negatively on demand. Brazil, following a massive currency devaluation, saw only a modest contraction in construction volume, but lower prices led to temporarily weaker results at "Holdercim" Brasil. The first-time consolidation of Juan Minetti in Argentina made a positive contribution. General business conditions are expected to remain stable in the second half of 1999.

Group Region Africa Middle East Stronger

Although signs of stagnation could not be ignored, our Group companies maintained their respective market positions well. Practically all of them contributed to the growth in "Holderbank's" business. The gains in efficiency achieved in Morocco and Lebanon and the encouraging performance at our grinding stations and import terminal in West Africa are worthy of special mention. It is likely that demand in South Africa will improve somewhat in the second half of 1999 and that building activity in other markets will remain at a reasonable level.

South East Asia on the Threshold of Recovery

The economic downturn witnessed in Asia should cease this year, and an initial recovery appears to be in the offing. In the construction sector, demand weakened further in the first half of the year, but the decline was within a far narrower range than in 1998. Business growth continued in China and the Pacific region. Over the past few months, our new and important holdings in Thailand and the Philippines have been restructured and the refinancing process is progressing well, providing the opportunity to draw above-average benefit from the next business cycle. However, South East Asia is unlikely to witness sustained economic growth before the year 2000. Meanwhile, further business acceleration is anticipated in Australia and New Zealand during the second half of 1999.

Events Subsequent to June 30, 1999

Within the scope of optimizing plant location, Alsons Cement in the Philippines sold its Kiwalan factory at the beginning of the second half. The proceeds will enable the company to repay debt. Within the framework of focusing on core business, “Holderbank” continued its disposal of stakes in concrete chemical businesses, this time in Mexico and Colombia.

1998 Performance to Be Surpassed

Provided that there is no fundamental deterioration in general economic conditions in the second half of 1999 and the Swiss franc remains at its present level, we expect to see further growth in Group net income over the entire business year.

Dr. h.c. Thomas Schmidheiny
Chairman and Managing Director

Europe

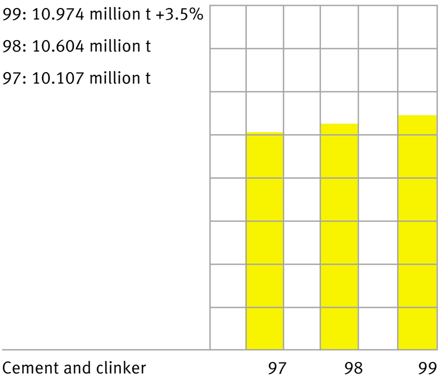
Europe's economy developed surprisingly well in the first half of 1999. Demand for building materials in virtually all of "Holderbank's" major markets showed strong growth. This can be largely attributed to an increase in government spending, with large sums released to finance infrastructure expansion. Some residential building projects and construction work on new production and distribution facilities provided further impetus.

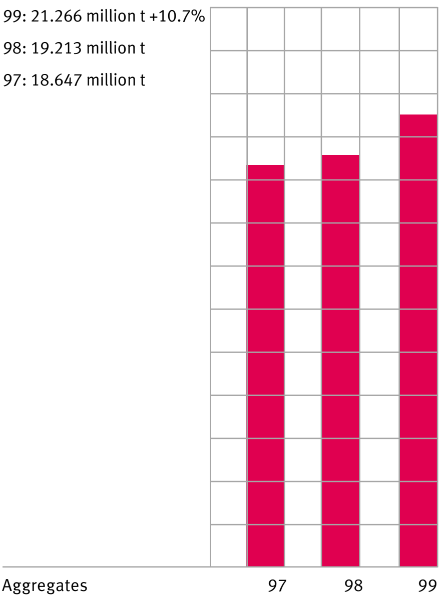
Belgium, France and Spain rank among those western European nations showing above-average growth in the construction sector. Reporting a 10 percent growth rate, Spain once again led the field. Western Germany experienced an end to the building recession, while eastern Germany saw no clear turnaround. Major projects such as "Rail 2000" and the new trans-Alpine railway route (NEAT) helped to stimulate the Swiss construction industry. However, heavy snowfalls at the beginning of the year caused lengthy work interruptions. Italy's building sector showed no recovery, with overcapacity continuing to plague the industry. Markets in central and southern Europe tended to stagnate. A lack of willingness in the Czech Republic to introduce further reforms even exacerbated the recession there. The economic development in Hungary was better. Business in markets along the Danube was temporarily dampened, however, by the blockage of the waterway due to the war in Kosovo.

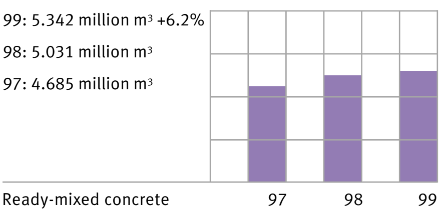
Several changes in the scope of consolidation occurred compared with the first half of 1998. In the cement segment, the companies in Romania and Bulgaria were fully consolidated. To maintain market flexibility and in the interests of focusing business activities on strategically important core products, Holderchem Euco in Switzerland, C.I.A. in France and Holderchem Euco in Spain were sold. Smaller acquisitions and disposals were made in the aggregates and concrete sectors.

Major financial transactions included the successful buyout of minority shareholders at HISALBA in Spain and southern Germany's Breisgauer Cement and the merger of Société Suisse de Ciment Portland with "Holderbank" Financière Glaris.

Consolidated sales volumes first half







Growth in cement and clinker deliveries resulted in a further improvement in plant capacity utilization rates. HISALBA (+8 percent) and German-based Alsen (+14 percent) achieved impressive sales figures. Alsen benefited in particular from a surge in building activity related to the staging of Expo 2000 in Hanover. Larger sales volumes were also recorded by our subsidiaries in Belgium and France. In contrast, Group companies in the Czech Republic, Slovakia and Croatia suffered market-induced setbacks.

A number of Group companies reported massive gains in deliveries of aggregates in the first half of 1999. HISALBA scored a remarkable increase of 25 percent or 1 million tonnes. Belgian-French group Obourg/Origny, which has been operating under joint management since last autumn, performed very successfully, also boosting sales of gravel and sand by 1 million tonnes. Sales in Germany, Switzerland and Greece showed strong growth. In Hungary, expired quarrying permits and the new strategic positioning of the aggregates business led to a contraction in volume. With one exception, all Group companies operating in the concrete sector achieved volume gains.

Increased demand and slightly improved consolidated net sales of CHF 2,405 million (first half 1998: 2,322) boosted operating profit to CHF 239 million (first half 1998: 215). It should be remembered, however, that the harsh winter in several countries resulted in a poor start to the season, very much in contrast to the early part of the previous year. Group companies affected by this situation were unable to offset the resultant declines in sales by midyear. HISALBA again presented an outstanding performance, while Obourg/Origny, Alsen and HCB also recorded considerably higher operating profits. The better midyear results posted by Group companies in the Czech Republic and Slovakia reflect the success of their current efficiency enhancement programs. Finally, special mention must be made of the satisfying results reported by Madrid-based UMAR, our international cement and raw materials trading organization. Against a backdrop of turmoil in Asia and excess volumes in the ASEAN nations, UMAR performed an important turntable function by absorbing free tonnages for supply to US Group company Holnam.

There are various signs indicating that the overall economic picture in Europe will become progressively brighter in the months ahead and that construction activity – and especially cement consumption – will tend to increase. We are also optimistic about developments in the year 2000. We expect that the single European market will continue to develop and that export-oriented industries will again invest more heavily in plant expansion. In our view, a sustained improvement in earnings is within reach.

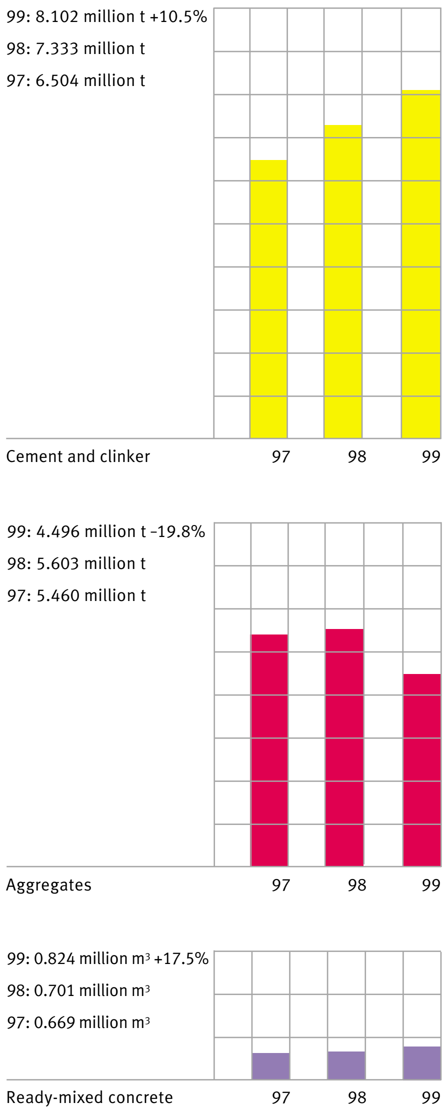
North America

North America can again look back on six months of stable growth. In the United States, public and private demand for building materials surpassed last year’s high figure. However, poor weather conditions and labour shortages led to prolonged delays at many construction sites, resulting in cement consumption which did not quite match expectations. In Canada, the economic picture continued to improve, impacting positively on the building industry. In addition, the disparity in demand between the Provinces of Ontario and Quebec narrowed considerably.

US subsidiary Holnam boosted its cement deliveries by just under 10 percent to approximately 6.5 million tonnes, despite having disposed of the Seattle cement facility. The company was stretched to the limit to supply the required amounts and cement grades to customers within its sales territory. Operating at full capacity, Holnam was forced to rely on more imports, which in turn increased logistics and transport costs for deliveries to individual construction sites. St. Lawrence Cement achieved a solid rise of more than 15 percent in cement deliveries in Canada and in adjoining northeast US markets.

In connection with the decision to withdraw from the market on the northern Pacific coast, Holnam divested itself of its raw material reserves on Texada Island and thereby moved out of the aggregates business. In the first half of 1999, St. Lawrence Cement marketed approximately 4.5 million tonnes of gravel and sand, thus scoring a gain of

Consolidated sales volumes first half



7 percent. The Canadian ready-mixed concrete plants even raised output by a very respectable 18 percent.

Group region North America also posted very good financial results. Consolidated net sales rose by 7 percent to CHF 1,186 million due to both volume and price increases. The comparably smaller gain in operating profit of 3 percent to CHF 169 million can be largely attributed to higher distribution expenses and an increase in imports at Holnam. St. Lawrence Cement, by contrast, improved its operating profit by almost 30 percent.

In response to continuing excess demand, these Group companies are developing major expansion plans. Considerable progress has already been made at St. Lawrence for two slag grinding plants in the United States and Canada respectively and the construction of a large cement plant in New York State. Holnam is also making considerable headway on various projects. The doubling of capacity at the Midlothian plant in Texas is progressing on schedule, and the first sod has been turned for a new cement facility with an annual capacity of 1.9 million tonnes in the State of Colorado. Plant expansion work is also underway at the GranCem® location in Chicago.

There is no doubt that building activity in the United States will remain at a high level in the second half of 1999. Even if interest rate increases in subsequent years slow the economy, our production capacity will continue to be fully utilized. In Canada, the outlook for the current year is very positive. Further gains in productivity will also be clearly reflected in the end-1999 results.

Latin America

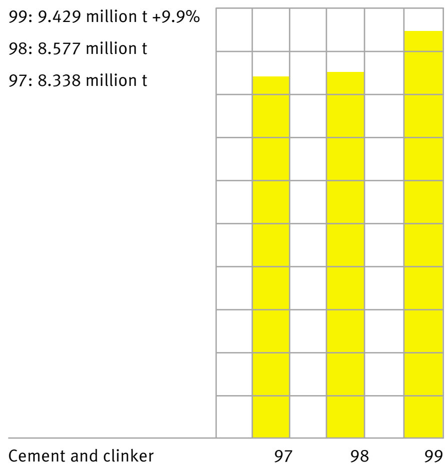
The Latin American markets served by “Holderbank” presented a mixed picture in terms of performance in the first half of 1999. Mexico became more strongly integrated in North America’s NAFTA, which boosted growth. At the same time greater stability was achieved. Having shaken off the turbulence dogging the international financial markets, Central America and parts of the Caribbean reported positive macroeconomic trends. South America, meanwhile, felt the effects of the Asian crisis. Furthermore, a certain degree of uncertainty remains about the outcome of elections and changes in government in three of the countries in which the Group operates. By amending its constitution, Venezuela’s new government aims to initiate a radical program of reforms. The divergence between inflation and the external value of the nation's currency remained an unsolved problem in the first half of the year. In Colombia, negotiations with guerrilla leaders did not produce the hoped-for breakthrough. This Andean nation suffered from a continuing high fiscal deficit and general pressure on its currency. A high budget deficit and greatly weakened banking system caused a strong dampening of the economy and a massive currency devaluation in Ecuador. As a result, coastal infrastructure destroyed by "El Niño" in 1998 could not be repaired to the desired extent. Despite the 40 percent devaluation of its currency, Brazil was spared spiraling inflation thanks to an astute monetary policy. The International Monetary Fund's broad support for the government's efforts prompted only a slight decline in gross domestic product and a corresponding decrease in construction activity. Argentina's economy weakened considerably because of the contraction in exports to Brazil and high real interest rates. However, in the lead-up to the elections, the building industry profited from public-sector projects. Low raw material prices and persistent high interest rates in Chile triggered a recession. By easing interest rates towards the end of the second quarter of 1999, the government reacted correctly but, unfortunately, too late.

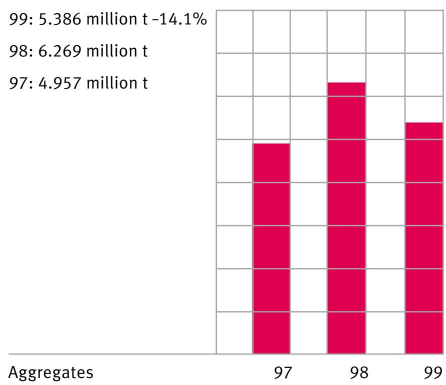
Capitalizing on a robust construction market, Apasco in Mexico lifted domestic cement deliveries by about 3 percent. However, compared with the first half of 1998, exports were about 50 percent lower. Grupo Incsa-PC in Costa Rica turned in a very favorable performance, with cement sales up by an impressive 13 percent. Cementos Caribe in Venezuela succeeded in almost entirely offsetting the 15 percent decline in domestic sales with a further increase in cement and clinker exports. By contrast, La Cemento Nacional in Ecuador and Cementos Boyacá in Colombia experienced strong cyclically induced declines in shipments. In Brazil, the contraction in cement consumption in "Holdercim" Brasil's market remained within narrow limits, producing a drop in sales of only 1 percent. Consolidated since the second half of 1998, Corcemar in Argentina merged retroactively at the beginning of 1999 with Juan Minetti. The new group sold just under 1.5 million tonnes of cement in the first six months of this year and firmly established itself as Argentina's number two in the building materials market. Meanwhile, Chile's market virtually slumped with Cemento Polpaico cement deliveries plummeting by 28 percent.

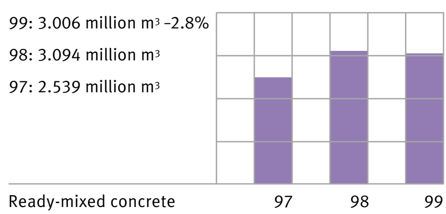
The 10 percent growth in consolidated cement and clinker deliveries largely reflects the changes in the scope of consolidation. Whereas sales of ready-mixed concrete remained largely the same due to gains in Mexico and Venezuela, deliveries of aggregates declined across the board.

In terms of financial results, Group region Latin America maintained its premier position within the Group during the first half of 1999 despite setbacks caused by adverse market conditions. With consolidated net sales revenue at CHF 1,352 million (first half 1998: 1,325), operating profit was a solid CHF 254 million (first half 1998: 272). This favorable half-year performance is the result of several factors, the most important being continued further growth at Apasco, which profited from higher volumes and prices at home as well as

Consolidated sales volumes first half







stable costs. Now operating at full capacity, the grinding facilities for the alternative fuel, petcoke, at the Orizaba and Tecomán plants contributed significantly to an increase in efficiency. In Brazil and Chile, where currency depreciation prompted a sharp drop in the price of cement, any recovery is unlikely to commence before the second half of 1999.

The most significant event on the investment front was the merger between Corcemar and Juan Minetti in Argentina as at January 1, 1999. In the meantime, this new Group company has introduced a number of cost reduction and reorganization measures which are successively producing substantial synergies. The grinding plant under construction in Campana near Buenos Aires is progressing rapidly and will considerably strengthen our position in the capital from next year. Also worthy of special mention is the commissioning of two grinding plants in Nicaragua and the Dominican Republic and the sale of the Brazilian concrete chemicals unit.

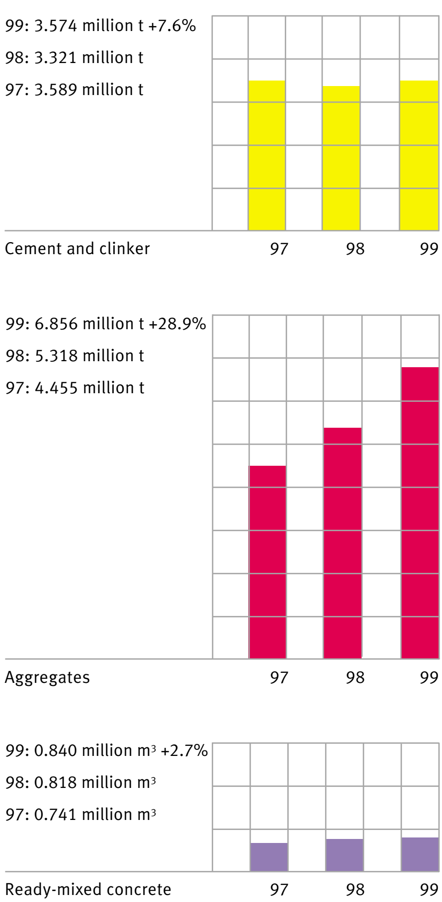
"Holderbank" is confident about its Latin American operations for the current year. Despite largely adverse macroeconomic conditions – with individual economies unlikely to witness a recovery before the year 2000 – Latin America will make a solid contribution to Group profit in 1999. This forecast is based on the generally advantageous market position of Group companies in the region, low-cost production combined with attractive prices, and the first-time inclusion of Juan Minetti's results.

Africa Middle East

As expected, business development in the markets we serve in Africa and the Middle East tended to be rather uneventful.

In Morocco, the economy slowed somewhat, causing visible signs of stagnation in the construction sector. West Africa – i.e. Côte d'Ivoire, Burkina Faso and Guinea – saw a further rise in construction volume. Although the newly elected government in South Africa has set stability and continuity as its primary goals, demand was generally weak in the first half of 1999 due to the continuing lack of large-scale state-backed infrastructure projects. In contrast, building markets in Madagascar and La Réunion experienced an upswing. Capacity utilization rates in

Consolidated sales volumes first half



Egypt’s construction industry remained high. “Holderbank” is represented in the Egyptian market by a minority holding in Egyptian Cement. Owing to the prevailing political uncertainties in Lebanon, no turnaround was experienced there. The only large-scale building projects underway are in Beirut. In rural areas and smaller cities the pace of new residential construction is currently quite modest.

The Macoma and Macoré groups, which operate production and distribution facilities in Madagascar and La Réunion respectively, turned in a very successful performance in 1999. The recommissioning of an import terminal in Guinea also led to an increase in cement capacity. The upturn in cement deliveries reflects the first-time inclusion of Macoma’s and Macoré’s tonnages in the figures for this Group region and year-on-year sales growth of 9 percent for the West Africa group. Cement shipments by Group companies in other markets almost matched those in the first six months of 1998.

Aggregates underwent marked growth of just under 30 percent. This positive result can be attributed to an increase in output of some 1 million tonnes at our stone quarry operations in Lebanon. Meanwhile, in South Africa, deliveries dropped by about 20 percent amid weaker demand. The modest growth in consolidated ready-mixed concrete sales is credited solely to CIOR in Morocco.

The consolidated turnover of this Group region expanded by 8 percent to CHF 473 million, with all Group companies – apart from Alpha Limited in South Africa – contributing. Operating profit rose by nearly 80 percent to CHF 43 million, a gain which can be attributed mainly to higher productivity in Lebanon and Morocco and a solid performance in West Africa.

The results of our companies in this Group region are not expected to show much change in the second half of 1999. On the other hand, Alpha Limited – the largest company in the region – is likely to close the year with an improved performance over 1998.

Asia Pacific

In most of the Asian countries hit hard by the crisis, the economic downturn appears to have bottomed out. In various markets, the contraction in demand has ceased – particularly in the export-oriented industries. There are even some signs of a very modest recovery commencing. However, it will require a strong commitment by all political powers to restore the confidence of domestic and foreign investors.

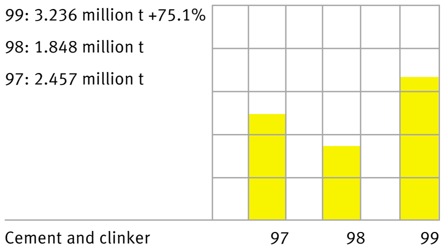
The Pacific area remained largely unscathed by the negative course of events in the ASEAN nations. New Zealand posted extremely positive economic results in the first half of 1999. In Australia, business was quite restrained, however. The economy in Sri Lanka has recently shown signs of dampening somewhat. The cement industry also experienced stronger pressure from imports. Although the pessimistic mood in Thailand is not quite as pervasive as before, demand continued to weaken in the first half of 1999. There is currently a lack of substantial, government-financed infrastructure projects and private investment also continues to move at a very cautious pace. Quite stable conditions prevailed in Malaysia, however, with construction volumes holding up satisfactorily. Vietnam’s economy has lost some of its momentum, as foreign direct investment slipped to a very modest level. Nevertheless, the government is going ahead with a program to improve the country’s infrastructure. China continued to develop well. The economy is still on an expansion path, and the strong pace of construction shows no sign of slackening. Due mainly to a comparatively intact banking system, the Philippines ranks among those nations on the brink of an economic recovery.

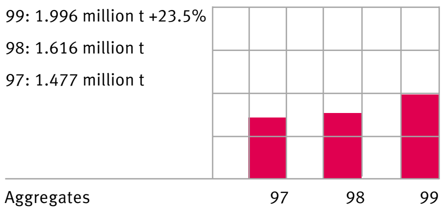
All Group companies contributed to the positive sales results. The impressive increase of 75 percent in cement and clinker sales can be credited to Alsons Cement's new kiln line in the Philippines and Morning Star Cement's Hon Chong plant in Vietnam. A further contributory factor was the first-time consolidation of Ruhunu Cement in Sri Lanka and Tenggara Cement in Malaysia.

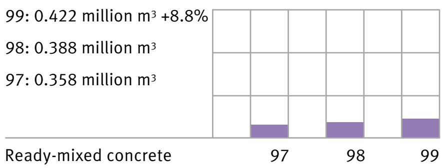
Our only companies in the aggregates sector are located in the Philippines, Australia and New Zealand. Queensland Cement and Milburn New Zealand reported solid sales increases of 12 percent and 24 percent respectively. Alsons Cement more than doubled its aggregates deliveries. Our ready-mixed concrete plants in Australia and New Zealand also recorded higher sales volumes.

Net sales in Group region Asia Pacific amounted to CHF 393 million (first half 1998: 314) and at CHF 44 million operating profit matched the previous year's figure. The increase in sales

Consolidated sales volumes first half







achieved by Milburn New Zealand, Queensland Cement and Ciments de Numbo in New Caledonia, together with further headway made in rationalizing operations, had an extremely positive influence on the financial results. Solid contributions to operating profit were also made by Puttalam Cement in Sri Lanka, Morning Star Cement and Tenggara Cement, whereas Alsons Cement in the Philippines suffered a loss due to market factors.

The increase in investment activity by “Holderbank” in the second half of 1998 was only partially reflected in the consolidated results, as our entry into Thailand and the strengthening of our market positions in the Philippines and China were achieved via minority holdings.

In Thailand, “Holderbank” succeeded in raising its holding in Siam City Cement to 28 percent through a share capital increase towards the middle of 1999. In line with “Holderbank” Group policy, this company’s business focus is on the core sectors of cement and concrete. Several holdings engaged in non-core operations were either sold or their business activities terminated. Strong gains were made in cement and clinker exports during the period, and are expected to reach a record level of about 5 million tonnes in 1999. Thanks to this export drive, the company was able to recommission the last of the temporarily closed kiln lines at the Saraburi plant.

A second focus of investment in the second half of 1998 was on the Philippines, where we acquired a 40 percent holding in market leader Union Cement. In the first six months of 1999, efforts at Union Cement centered on a continuing financial restructuring program. Since both Group companies, Alsons Cement and Union Cement, have production facilities on the island of Mindanao, “Holderbank” decided shortly after the end of the first half-year to sell the Kiwalan plant. The proceeds were used by Alsons Cement to repay debt.

At the beginning of 1999, “Holderbank” purchased 23 percent of Huaxin Cement, whose shares are listed on the Shanghai stock exchange. This company operates a cement plant in central China. The commissioning of a new kiln line early in the year has raised annual capacity at the Huangshi plant to 3.5 million tonnes.

No sustained improvements in either construction activity or cement demand are expected in the ASEAN nations in 1999. There are some indications, however, that the economic situation will brighten in the year 2000. Given that business is likely to continue to expand in New Zealand, Milburn’s performance will clearly surpass last year’s level. The economic recovery taking hold in Australia confirms Queensland Cement’s optimism about the 1999 business year.

Consolidated statement of income “Holderbank” first half			
Million CHF	1999	1998	±%
Net sales	**5,660**	**5,366**	**+5.5**
Cost of products and services sold	(3,419)	(3,295)	
Gross profit	**2,241**	**2,071**	**+8.2**
Distribution and selling expenses	(946)	(874)	
Administrative expenses	(428)	(392)	
Other depreciation and amortization	(118)	(86)	
Operating profit	**749**	**719**	**+4.2**
Additional ordinary income	105	56	
Financial expenses	(272)	(220)	
Group net income before taxes	**582**	**555**	**+4.9**
Income taxes	(191)	(183)	
Group net income before minority interests	**391**	**372**	**+5.1**
Minority interests	(80)	(82)	
Group net income after minority interests	**311**	**290**	**+7.2**

CHF		
Earnings per dividend-bearing bearer share	43.95	40.65
Fully diluted earnings per bearer share	43.50	40.20

Consolidated balance sheet "Holderbank"		
Million CHF	30.06.99	31.12.98
Cash and cash equivalents	1,406	854
Accounts receivable	2,472	1,868
Inventories	1,398	1,238
Prepaid expenses and other current assets	257	180
Total current assets	**5,533**	**4,140**
Financial investments	1,976	1,926
Property, plant and equipment	11,424	10,111
Intangible and other assets	2,606	2,198
Total long-term assets	**16,006**	**14,235**
Total assets	**21,539**	**18,375**
Trade accounts payable	948	829
Current financing liabilities	2,384	1,598
Other current liabilities	1,193	910
Total short-term liabilities	**4,525**	**3,337**
Long-term financing liabilities	6,961	6,325
Long-term provisions	1,930	1,777
Total long-term liabilities	**8,891**	**8,102**
Total liabilities	**13,416**	**11,439**
Interests of minority shareholders	**1,813**	**1,508**
Authorized capital	377	363
Reserves	5,933	5,065
Total shareholders' equity	**6,310**	**5,428**
Total liabilities and shareholders' equity	**21,539**	**18,375**

Statement of changes in consolidated equity "Holderbank"		
Million CHF	30.06.99	31.12.98
Authorized capital	363	362
Capital paid-in	14	1
Authorized capital	**377**	**363**
Uncalled capital	0	(5)
Capital paid-in	0	5
Uncalled capital	**0**	**0**
Reserves		
Capital surplus	1,559	1,436
Capital paid-in	365	80
Shareholders' equity of 1% convertible bond	0	43
Capital surplus	**1,924**	**1,559**
Retained earnings	3,583	3,261
Profit distribution	(142)	(141)
Group net income after minority interests	311	682
Change in reserve for treasury shares	(30)	(151)
Effect of change in participation	(14)	(68)
Retained earnings	**3,708**	**3,583**
Reserve for treasury shares	225	74
Change in treasury shares	30	151
Reserve for treasury shares	**255**	**225**
Cumulative currency translation adjustments	(302)	(41)
Currency translation adjustments	348	(261)
Cumulative currency translation adjustments	**46**	**(302)**
Total reserves	**5,933**	**5,065**
Total shareholders' equity	**6,310**	**5,428**

Consolidated cash flow statement “Holderbank” first half			
Million CHF	1999	1998	±%
Operating profit	**749**	**719**	**+4.2**
Depreciation and amortization of operating assets	571	502	
Other non-cash items	15	35	
Change in net current assets	(451)	(488)	
Cash generated from operations	**884**	**768**	**+15.1**
Additional ordinary income	83	46	
Interest paid	(279)	(205)	
Income taxes paid	(205)	(124)	
Cash flow from operating activities A	**483**	**485**	**–0.4**
Investments in property, plant and equipment net	(466)	(432)	
Financial investments net	(497)	(285)	
Cash flow from investing activities B	**(963)**	**(717)**	**+34.3**
Dividends paid	(158)	(148)	
Other financing activities	1,149	404	
Cash flow from financing activities C	**991**	**256**	**+287.1**
Increase in cash and cash equivalents (A + B + C)	**511**	**24**	

Cash and cash equivalents as at January 1	**854**	**803**
Increase in cash and cash equivalents	511	24
Effects of exchange rate movements	41	6
Cash and cash equivalents as at June 30	**1,406**	**833**

General

The consolidated 1999 half-year report has been prepared in accordance with International Accounting Standards (IAS). The principles of preparing financial accounts are described in detail in the 1998 annual report. The figures contained in this interim statement are not audited.

Changes in the Scope of Consolidation

The current reporting period has seen various changes occur in the scope of consolidation. Juan Minetti (Argentina) has been the most influential investment in terms of Group results. Additional new investments in Beloizvorski Cement (Bulgaria), Cimentul (Romania), Tenggara Cement (Malaysia) and Philippine-based Alsons Cement (proportionate to full consolidation) have also impacted Group results. Divestments included Stamm Holding and Holderchem Euco in Switzerland. In addition, Group company HISALBA (Spain) sold its Holderchem Euco concrete chemical business, Holnam (USA) sold its Seattle plant, including raw material reserves, and Alpha Limited (South Africa) hived off Alpha Sacks. Within the framework of concentrating on core activities, the Group also sold its shareholding in Euclid Chemical to the former partners.

Foreign Currencies

The CHF has become slightly stronger against the major “Holderbank” currencies, when considering the average exchange rates (statement of income). However, when considering the closing exchange rates (balance sheet), the CHF devalued sharply, with the exception of the main European currencies.

Average exchange rate in CHF (statement of income)			
First half	1999	1998	±%
1 EUR	1.60	1.62	–1.2
100 BEF	3.96	3.99	–0.8
100 FRF	24.36	24.52	–0.7
100 ESP	0.96	0.97	–1.0
100 DEM	81.69	82.26	–0.7
1 USD	1.47	1.49	–1.3
1 CAD	0.99	1.03	–3.9
100 MAD	15.13	15.19	–0.4
1 ZAR	0.24	0.29	–17.2
1 AUD	0.95	0.96	–1.0
1 NZD	0.79	0.82	–3.7

Closing exchange rate in CHF (balance sheet)	30.06.99	31.12.98	±%
1 EUR	1.60	1.61	–0.6
100 BEF	3.96	3.99	–0.8
100 FRF	24.38	24.52	–0.6
100 ESP	0.96	0.97	–1.0
100 DEM	81.77	82.23	–0.6
1 USD	1.55	1.38	+12.3
1 CAD	1.05	0.89	+18.0
100 MAD	15.46	14.82	+4.3
1 ZAR	0.26	0.24	+8.3
1 AUD	1.02	0.84	+21.4
1 NZD	0.82	0.73	+12.3

Production Capacity and Sales

Annual cement production capacity grew by 9.0 percent to 89.5 million tonnes (first half 1998: 82.1). The majority of this increase was due to changes in the scope of consolidation, in particular Juan Minetti, Argentina, which added 2.6 million tonnes. Alsons, Philippines, provided an additional 1.2 million tonnes, the result of a new kiln line.

Cement and clinker sales totaled 35.3 million tonnes (first half 1998: 31.7), an increase of 11.4 percent. 2.0 million of this 3.6 million tonnes increase was due to the changes in the scope of consolidation. The remaining 1.6 million tonnes reflect continued strong market conditions in North America.

Sales in aggregates grew by 5.3 percent to 40.0 million tonnes (first half 1998: 38.0). Group quarries in Lebanon together with the favorable business climate in Belgium, France and Spain contributed to this increase.

Concrete sales rose by 4.0 percent to 10.4 million m^3 (first half 1998: 10.0). The ready-mixed concrete operations in Western Europe and the newly consolidated activities at Juan Minetti were the major contributors to this growth.

Net Sales

Net sales improved by CHF 294 million. However, price and volume variances increased net sales by CHF 297 million, with the strongest increases occurring in Group regions Europe and North America. Changes in the scope of consolidation had an impact of CHF 124 million. Meanwhile, exchange rate fluctuations had a negative impact of CHF 127 million.

Impressive results at Apasco, Mexico, and the new consolidation of Juan Minetti, Argentina, partially offset negative price and volume variances in other Latin American markets. The cement / clinker segment's share in Group net sales rose by 1.5 percentage points to 60.5 percent (first half 1998: 59.0) primarily as a result of the changes in the scope of consolidation. The share of aggregates / concrete marginally decreased to 21.6 percent (first half 1998: 22,1). As a result of various non-core divestments, the share of other products / services declined to 17.9 percent (first half 1998: 18.9). This latter change was partly due to concrete chemical operation divestments in Spain, Switzerland and the USA.

Net sales per region			
First half	1999	1998	±%
Million CHF			
Europe	2,405	2,322	+3.6
North America	1,186	1,113	+6.6
Latin America	1,352	1,325	+2.0
Africa Middle East	473	437	+8.2
Asia Pacific	393	314	+25.2
Inter-segment sales	(149)	(145)	+2.8
Total	**5,660**	**5,366**	**+5.5**

Net sales per segment			
First half	1999	1998	±%
Million CHF			
Cement / Clinker	3,848	3,565	+7.9
Aggregates / Concrete	1,375	1,335	+3.0
Other products / Services	1,136	1,139	-0.3
Inter-segment sales	(699)	(673)	+3.9
Total	**5,660**	**5,366**	**+5.5**

Operating Profit (EBIT)

The operating profit improved by CHF 30 million. Of this increase, CHF 19 million is a result of changes in the scope of consolidation. Price and volume changes had a positive impact on EBIT by CHF 25 million. However, these increases were partially offset by a negative currency impact of CHF 14 million. The EBIT margin decreased slightly due to higher distribution and administrative expenses in the cement / clinker segment, whereas an increase was witnessed in aggregates / concrete.

Group region Europe increased its EBIT margin by 0.6 percentage points and Africa Middle East improved by 3.6 percentage points. However, EBIT margins

Operating profit per region			
First half	1999	1998	±%
Million CHF			
Europe	239	215	+11.2
North America	169	164	+3.0
Latin America	254	272	-6.6
Africa Middle East	43	24	+79.2
Asia Pacific	44	44	–
Total	**749**	**719**	**+4.2**

Operating profit per segment			
First half	1999	1998	±%
Million CHF			
Cement / Clinker	709	678	+4.6
Aggregates / Concrete	54	43	+25.6
Other products / Services	(14)	(2)	–
Total	**749**	**719**	**+4.2**

decreased in North America by 0.5 percentage points, Latin America by 1.7 percentage points and Asia Pacific by 2.8 percentage points.

Group Net Income

The Group's net income before minority interests rose by CHF 19 million or 5.1 percent to CHF 391 million (first half 1998: 372). Changes in the scope of consolidation accounted for CHF 13 million of this increase. Currency fluctuations reduced net income by CHF 3 million and, as a result, real growth of net income before minority interests amounted to CHF 9 million.

Group net income after minority interests improved by 7.2 percent to CHF 311 million. As a percentage of Group net income before minority interests, this represents 79.5 percent (first half 1998: 78.0).

The fully diluted earnings per share (EPS) was CHF 43.50 (first half 1998: 40.20), an increase of 8.2 percent.

Balance Sheet and Balance Sheet Structure

Debt ratio (total liabilities as a percentage of total assets) remained unchanged at 62.3 compared with year-end 1998.

Net financial debt increased by 12.3 percent to CHF 7,939 million. Currency translation adjustments amounted to CHF 539 million. Shareholders' equity rose by 16.2 percent to CHF 6,310 million (a result of capital increase of CHF 379 million and currency translation adjustments of CHF 553 million). As a consequence, gearing (net financial debt as percentage of shareholders' equity) improved from 101.9 percent (year-end 1998) to 97.7 percent.

Cash Flow from Operating Activities

Cash flow from operating activities decreased on balance by CHF 2 million to CHF 483 million.

A detailed analysis showed that cash flow from current operating activities rose by CHF 63 million or 13.0 percent. However, changes in the scope of consolidation (CHF –53 million) and currency fluctuations (CHF –12 million) offset this good performance.

Investment Activities

Investment increased by 34.3 percent to CHF 963 million (first half 1998: 717). These investments include net capital expenditures in property, plant and equipment of CHF 466 million, whereas investments to maintain productive capacity and secure competitiveness amounted to CHF 203 million (first half 1998: 184) or 3.6 percent (first half 1998: 3.4) of net sales. Expansion investments increased by 6.0 percent to CHF 263 million (first half 1998: 248).

Financial investments increased by CHF 212 million or 74.4 percent to CHF 497 million when compared to the first half of 1998. The major investments – where the decision had already been taken in the second half of 1998 – were Juan Minetti (Argentina), Egyptian Cement (Egypt) and Siam City Cement (Thailand). Divestments include Euclid Chemical (USA), Holderchem Euco (Switzerland and Spain) and Alpha Sacks (South Africa). These divestments demonstrate the further focusing of the Group on its core activities.

The figures contained in this interim statement are not audited. This half-year report also appears in German and French. The German version is binding.

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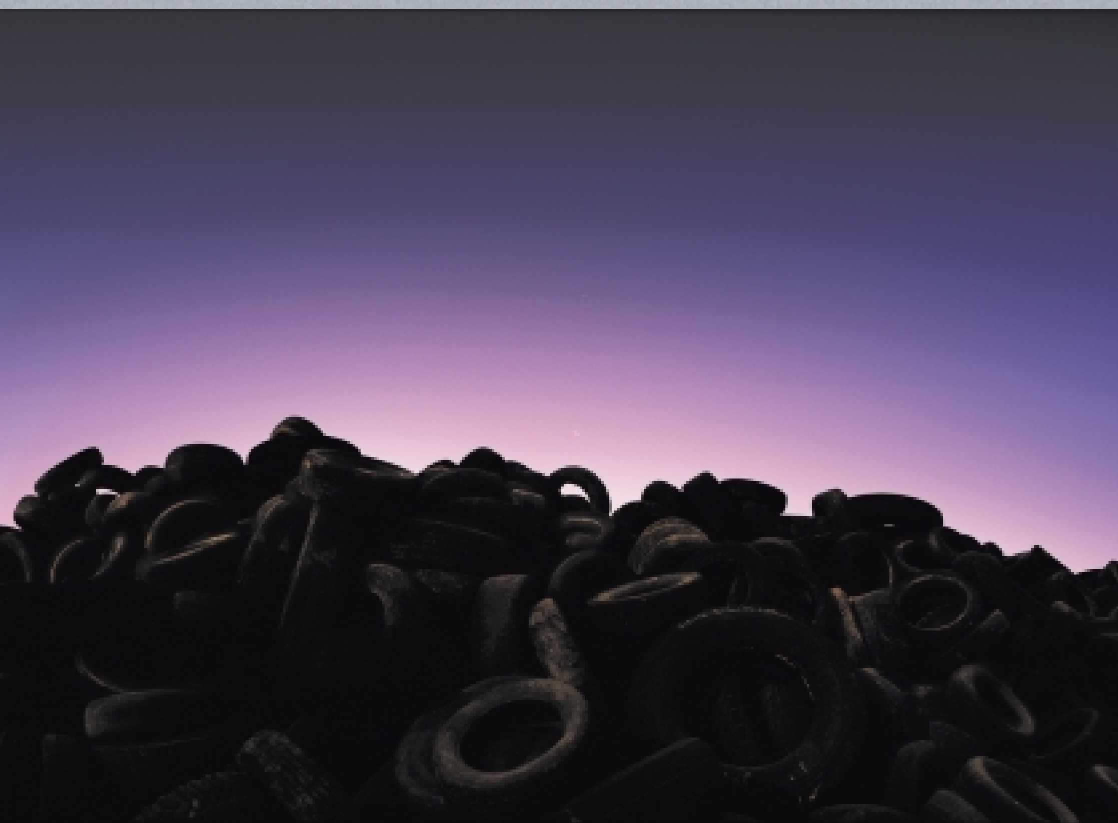

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