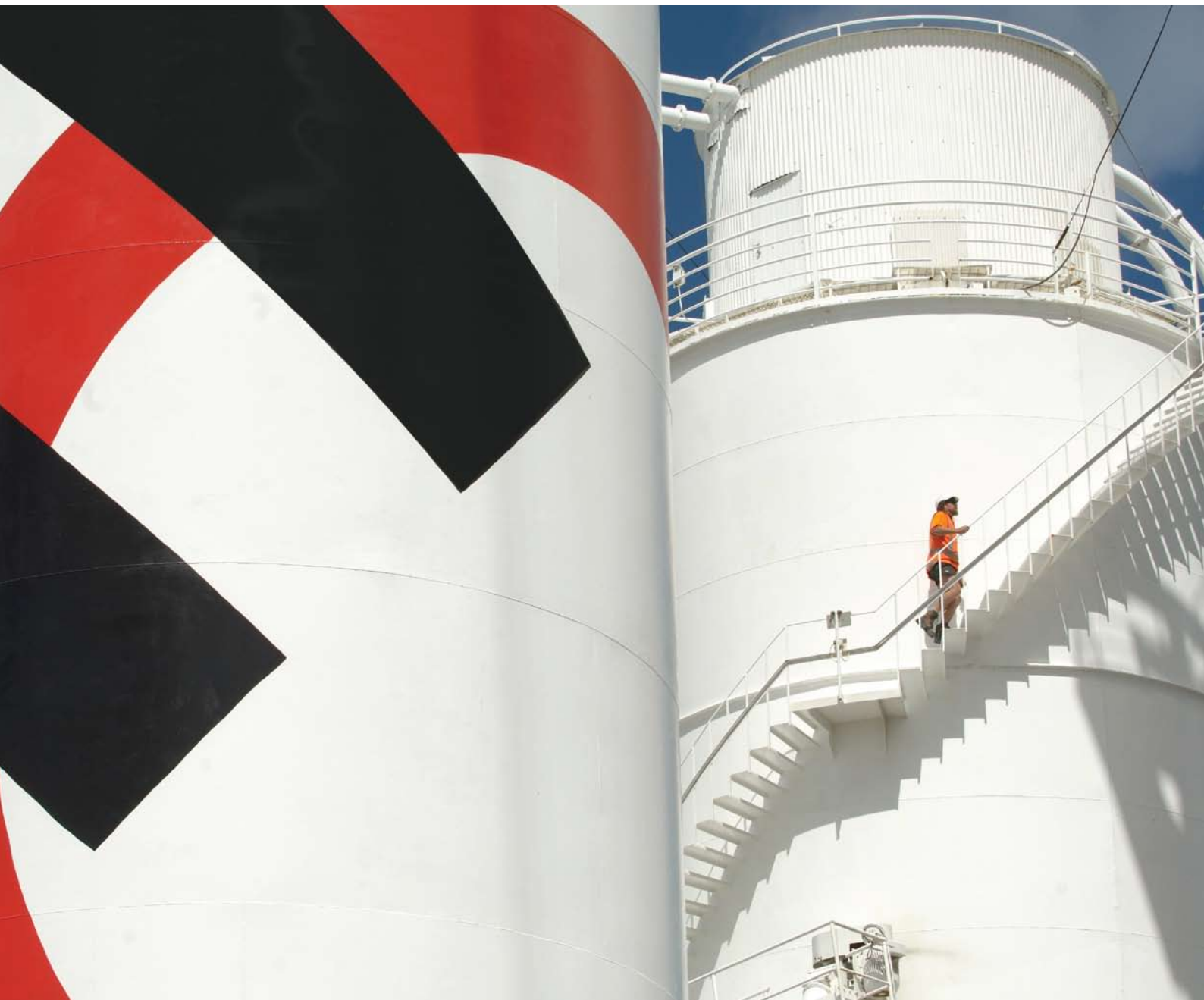


Annual Review

Holcim (New Zealand) Ltd for the year ending 2010





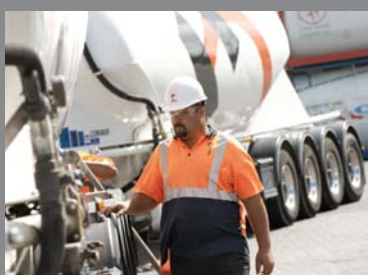
Annual Review

For the year ending 2010

Holcim (New Zealand) Ltd

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Cover

Cement silos at Onehunga form part of Holcim's cement distribution network.

Inside Cover

Chester Goodson (left), Plant Manager, Westport Works and Paul Coleman, Engineering Manager, Westport Works.

About Holcim

From small beginnings in Otago in 1888, Holcim (New Zealand) Ltd has become a cornerstone of the country's construction industry.

Today, Holcim directly employs approximately 500* people at over 37 sites to supply cement, aggregates, ready mixed concrete and lime products to build the country's industries, offices, houses and roads. The head office is in Christchurch.

The Company's vision of providing the foundations for society's future has strengthened over more than 120 years to incorporate long-term sustainability of the business and of its activities, and sustainable development that meets the needs of the present without compromising the needs of future generations.

The fulfilment of that vision of sustainability is built into the Company's values of strength, performance and passion: we care about our people, their safety and their development; we care about our customers and their success; and we care about our world, in particular the communities we live and work in. At the same time, sustainability at an operational level also means finding the best solutions for our customers and delivering on our promises, as well as contributing to a strong organisation that is a solid partner, demonstrating global leadership based on strong local relationships.

Cement

At Westport Works, Holcim produces approximately 500,000 tonnes of high quality Portland cement a year. When required local production is supplemented by imported cement to meet market demands.

Holcim operates two ships, marine terminals around the country and a network of road and rail tankers to deliver bulk cement to our customers. Most of it is used in ready-mixed concrete production.

A small amount of cement (about 10%) is delivered to customers as bagged cement in 40kg and 25kg bags. Our cement brands are Ultracem, Duracem and Rapidcem.

Aggregates

Holcim operates large quarries at Wellington, Bombay (south of Auckland) and Hastings (Hawke's Bay), supplying approximately one million tonnes of premium aggregates annually, primarily to the concrete and roading markets. Further supplies of aggregates are produced by Millbrook Quarries (50% owned) and Atlas Resources (25% owned).

Concrete

A network of 40 ready-mixed concrete plants owned by Holcim Concrete (100% owned) and AML (50% owned) supply ready mixed concrete for residential, commercial and infrastructure uses.

Lime

Holcim has two lime operations – McDonald's Lime (72% owned), in the Waikato, and Taylor's Lime (100% owned), in Otago. Both plants produce large quantities of burnt and hydrated lime, agricultural lime and a range of ground calcium carbonates.

Social Sustainability

As an employer, our primary responsibility is the health and safety of our employees in the quarries, at plants and at other worksites. Our goal is clear: nobody should come to any harm while working on or visiting a Holcim site.

Holcim is committed to being a good employer by creating an environment of mutual trust and respect for all employees and fostering employee development, initiative and involvement in an environment that is safe, healthy and free from harassment and discrimination. Annual study awards and other initiatives encourage young people to consider a career in the industry.

Holcim strives to be a good neighbour - to be supportive of and have good relationships in the communities in which we operate.

* Note: Staff numbers exclude the following partly owned subsidiaries and associates: AML, Millbrook Quarries, Fiji Industries, Basic Industries and Atlas Resources.



Environmental Sustainability

Holcim aims to keep the environmental impact of our operations as low as possible through careful, forward-thinking management. Our efforts have been acknowledged with continuing ISO14001 environmental certification at all Holcim sites. The accreditation was achieved through a series of protocols that meet the international ISO environmental standard. The protocols put measures and checks in place that minimise noise and emissions, reduce waste, and conserve energy.

For further information about Holcim New Zealand please visit the website www.holcim.com/nz

Holcim Ltd

Holcim (New Zealand) Ltd is owned by Holcim Ltd, based in Switzerland. Holcim Ltd is one of the world's leading suppliers of cement, aggregates, concrete and construction-related services. The Holcim group of companies employs some 80,000 people in around 70 countries.

For further information about Holcim Ltd, please visit the website: www.holcim.com

Holcim Foundation

As part of its commitment to sustainable development in the use of natural resources, Holcim Ltd established the Holcim Foundation for Sustainable Construction in 2003.

The Foundation's purpose is to encourage sustainable responses to technological, environmental, socio-economic and cultural issues affecting building and construction. The Foundation promotes innovative approaches to sustainable construction mainly through Awards competitions, an international forum and project funding.

For further information about the work of the Foundation please visit the website www.holcimfoundation.org



Since 1888

- 1888** Beginning of the Company's involvement in the New Zealand building industry when the Milburn Lime and Cement Company was incorporated in Otago.
- 1958** New Zealand Cement Company commenced operating a new cement plant at Westport to meet growing demand for cement.
- 1963** Milburn and New Zealand Cement Company merged to form New Zealand Cement Holdings Ltd.
- 1977** Holcim (then known as Holderbank), a Swiss company, bought 52% of New Zealand Cement Holdings Ltd.
- 1980s** Company diversified into concrete operations, including the joint venture AML Ltd.
- 1988** Company celebrated 100 years of operations and changed its name to Milburn New Zealand Ltd.
- 1999** Holcim moved to 100% ownership.
- 2002** The name Holcim (New Zealand) Ltd was adopted and the company rebranded throughout New Zealand.

Chairman's & Managing Director's Review

For the second consecutive year, Holcim New Zealand experienced extremely difficult trading conditions, making the Company reliant on the passion and commitment of our employees to continually reduce costs while maximising every market opportunity.

Workplace Safety

The idea that every employee, site visitor and contractor should go home each day uninjured continues to inspire everyone to strive for Zero Harm in the Holcim New Zealand workplace. In 2010, the key workplace safety indicator of LTI (lost time injuries) remained static for the first time in six years to stand at six (representing four employees and two contractors). However the commitment of the Company to Zero Harm remains firm.

Everyone understands achieving Zero Harm requires even greater efforts and the development and actioning of further safety initiatives. This understanding includes the Directors and Executive Committee members who once again state their support for all employees bringing forward safety ideas for implementation.

Financial Result

Despite the extremely difficult economic environment, total net sales of \$257.7 million across all divisions in 2010 were about the same as last year, but profit before tax and finance costs was down. Much of the profit fall was due to increased energy costs, and higher maintenance costs at Westport Works cement plant.

Keeping overall sales at around last year's level reflected everybody's determination to make the most of what opportunities were available in the marketplace. This was done by focussing on existing customers' needs, nurturing partnerships and assertively seeking new business. Even so, the seriousness of the downturn in the country's building sector was illustrated by Holcim cement volumes in 2010 being 28% less than the peak of 2007.

The Company's financial position remains sound.

During the year there was a solid programme of debt reduction, very close attention to reducing costs and the sale of surplus land, all of which contributed to a good position at year end. This enabled the Company to remain operationally ready to quickly respond to any upturn in the economy.

Environmental Achievements

Holcim New Zealand played a key role in the October 2010 amendment to New Zealand Standard NZS 3122, which permitted an increase of mineral additions in general purpose cement from 5% to 10%. The Company is now proudly taking an industry leading role in implementing this new standard in the market. This move is one of the most effective ways of reducing cement industry CO₂ emissions, therefore improving industry sustainability and directly reducing the carbon footprint of ready-mix concrete and concrete products.

Another important initiative was an agreement early in the year with New Zealand Aluminium Smelters Ltd for the supply of spent cell liner (SCL), a by product of aluminium smelting. Holcim New Zealand has resource consents for a full scale trial using SCL as an alternative fuel and raw material in the kilns at Westport Works. Co-processing SCL in clinker manufacturing reduces both the amount of raw materials (aluminium and silica) required, and the amount of coal needed to fire the kilns.

The Emissions Trading System (ETS) commenced its first period of operation in 2010. While this has imposed a cost on the business the current structure of the ETS does appear to have struck a balance between meeting international expectations and not displacing investment in New Zealand. The Company is firmly of the view that the next ETS review should retain the status quo in order to retain this balance.



Notable Projects

In a year where business was extremely difficult, it is pleasing to acknowledge employees' involvement in projects that demanded a high level of technical and engineering expertise. As detailed on page 14 these include placing concrete underwater in a lake, placing concrete (through our subsidiary AML) for the floor of a massive dairy goods warehouse, and taking concrete trucks for four-hour trips onto back-country farm tracks to provide concrete for 426 power pylon foundations. Many major infrastructure projects such as windfarms and transmission line upgrades are in relatively inaccessible places and demand a high level of expertise from everyone concerned.

Long-term Cement Supply Options

After many years of research, planning and consultation, Holcim New Zealand is in advanced discussions with our parent Holcim Ltd about building a modern technology cement plant at Weston, near Oamaru. A decision on whether to proceed with the new plant and its associated infrastructure is expected before the end of 2011.

Holcim Ltd

Holcim New Zealand is extremely fortunate to have a parent with as strong a balance sheet as Holcim Ltd. Our parent's prompt reaction worldwide to the global financial crisis means Holcim Ltd now holds a pre-eminent position in the world's cement industry. In addition, the shareholders responded willingly with cash for strategic acquisitions and expansion into new and existing markets. Although a major worldwide programme of reducing operating costs was quickly put in place, none of this affected the ability of subsidiaries to quickly take advantage of regional uplifts as they occurred.

Outlook for 2011

Holcim New Zealand expects the major downturn in the building sector experienced over the past two and a half years to bottom out in 2011. But whether there will be any improvement in activity is doubtful. The Government's ongoing commitment to major infrastructure projects will therefore be an important factor in sustaining employment in the industry.

The tragic earthquake in February 2011, following the initial major quake in September 2010 and successive aftershocks, has raised further questions over the ability of the Company to recover in 2011. While it is likely to result in a substantial stimulus to the construction industry, this is unlikely to eventuate before 2012.

Thank You

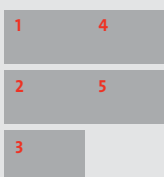
This has been one of the most difficult trading years in the Company's history and has been compounded by the effect on Christchurch and Lyttelton based staff of the unprecedented earthquakes. Once again the Board and Executive Committee would like to thank everybody in the Company for the extra efforts that were needed during the year. We would also like to thank our customers and business partners for their loyal support, which is much appreciated.

John Lindsay
Chairman

Jeremy Smith
Managing Director

Board Composition

Holcim (New Zealand) Ltd Board



1 John Lindsay (Chairman)

John has had extensive business experience as Chief Executive and board member of various large manufacturing and service companies, based in New Zealand and operating internationally, as a member of the executive committee of several national trade associations and as an independent director of the New Zealand Rugby Union.

He is currently Chairman of Ports of Auckland Ltd, Auckland Regional Chamber of Commerce and Industry, the New Zealand Chambers of Commerce and Industry and is a Director of a number of other companies. A member of the Audit and Compliance Committee, John has been a Director of Holcim New Zealand since 1999 and Chairman of the Board since 1 April 2004.

2 Jeremy Smith (Managing Director)

Appointed to the role of Chief Executive of Holcim New Zealand in June 2007, Jeremy was appointed to the Board in November of that year. He joined Holcim in 2000 and has held general management positions in the Lime and Cement divisions.

A qualified lawyer, he has previously worked in executive management roles in other industries.

3 Paul O'Callaghan

In January 2011 Paul O'Callaghan was appointed as Regional Manager with responsibility for Holcim operations in Australia and New Zealand.

Formerly Chief Operating Officer for Holcim Philippines, Paul has over 20 years experience in the cement industry. Prior to moving to the Philippines in 2001, he held a variety of positions in Queensland Cement Ltd. He is also a director of Cement Australia and Chairman of Holcim Australia.

4 Ian Thackwray

Ian has an MA (Hons) in Chemistry and is also a chartered accountant. Initially he joined Price Waterhouse, handling major corporate accounts in Europe. In 1985, he started a career with a major multinational in the chemicals industry, serving in various management roles in Europe, North America and Asia. From 2004 to 2006, he was the Asian/Pacific President based out of Shanghai. In September 2006, he joined Holcim and was appointed COO of Holcim Philippines. In 2009, the Board of Directors appointed him a member of the Executive Committee. His area of responsibility spans East Asia including China, the Philippines, Oceania and South and East Africa.

5 Murray Valentine

Murray is a director and investor in a number of South Island based companies involved in tourism, hotels and farming and in a New Zealand geographic information services company. He owns and operates the Dunedin based firm of Chartered Accountants, Jackson Valentine Limited, and is also a director of Alpine Deer Group Limited, Animation Research Limited, Farra Engineering Limited, Queenstown Airport Corporation Limited and Trojan Holdings Limited. Murray has been a director of Holcim New Zealand since 1988.

He is Chair of the Audit and Compliance Committee.

As at January 2011

Holcim operates about 40 modern road tankers around the country to distribute bulk cement to customers, making the Company one of the larger heavy transport operators.

Economic Sustainability



Operational Highlights

During 2010 construction activity in New Zealand experienced some historical lows and consequently demand for cement and concrete again fell, while aggregate sales improved.

Cement

- Individual kiln shuts during the year helped avoid overproduction
- Total cement sales fell, but the fall was mitigated by Government-initiated infrastructure projects
- Throughout the year bar conditions at the Port of Westport were largely favourable for cement distribution

Concrete

- Demand for concrete again fell during the year
- Sales were helped by winning a number of Government infrastructure projects through good partnerships
- A number of technically challenging concrete pours and placements were achieved

Aggregates

- Total sales improved as major roading contracts in the North Island continued to consume large volumes
- Bombay Quarry signalled its on-going importance to Auckland with the start of the transition of quarry operations to the new Jones Block
- Wellington's Kiwi Point Quarry contributed its first full year to Holcim Aggregate

Lime

- Volumes of both calcinated (burnt) lime and unburnt lime continued to grow
- Exports were strong as gold mines increased their output and therefore use of bulk lime
- Agricultural lime sales also remained strong

Outlook for 2011

Any recovery in 2011 depends on the construction industry coming off some historical lows reached in 2010. The value of all building permits issued in 2010 was \$9.33 billion, down \$307 million or 3.2%. However this included a fall of \$763 million or 17% in the value of non-residential permits (\$3.7 billion), indicating that the commercial and industrial sector was still in decline. In contrast, residential building permits were up \$456 million in 2010 or 8.9% to \$5.57 billion but this sector is a lighter consumer of cement, concrete and aggregates. Regrettably initial indications for 2011 do not augur well, with the value of consents for all buildings in January 2011 being \$537 million – down 11 percent from January 2010 and the lowest value for any month since February 2002.

For the December quarter in 2010 New Zealand narrowly escaped a second quarterly fall in gross domestic product with a nominal increase in GDP of 0.2 percent following a decrease of 0.2 percent in the September 2010 quarter.

Canterbury earthquakes

Construction activity in Christchurch and Canterbury across all sectors will be greatly stimulated by the substantial work needed to recover from the earthquakes of 4 September 2010 and 22 February 2011. But a good deal of lead time is needed to begin the recovery work in earnest and Holcim New Zealand does not expect this to occur before 2012.

Financial Result

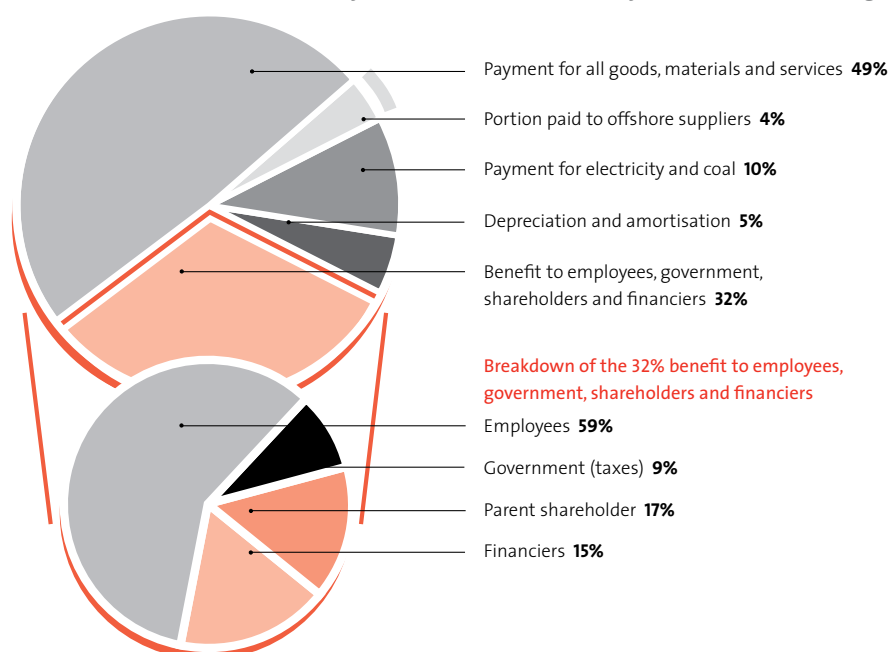
Value Creation

Value created by Holcim New Zealand for our key stakeholders

	2009		2010	
	\$000 Total	Offshore portion	\$000 Total	Offshore portion
Net Sales	257,203		257,730	
Other Income	5,586		7,254	
Total Income	262,789		264,984	
Less				
Payment for goods, materials and services	-131,224		-138,463	
Portion paid to offshore suppliers		-10,993		-9,406
Payment for electricity and coal	-25,113		-26,515	
Depreciation and amortisation	-16,088		-14,502	
Less				
Benefits provided to				
Employees	-53,089		-52,026	
Government (taxes)	-7,021		-7,896	
Parent Shareholders	-17,560		-15,400	
Financiers	-10,841		-12,794	
Increase in total equity	1,853		-2,612	

Distribution

Distribution of the value created by Holcim New Zealand for key stakeholders. Percentage of net sales



Production and Sales



Disappointingly, there was no recovery in 2010 from the low levels of activity the construction industry experienced throughout 2009, when cement, concrete and aggregate sales were hard hit. Cement sales had retreated to a level not seen for seven years.

Cement sales did not improve in 2010, with Holcim New Zealand enduring another twelve months of tough trading conditions.

Despite this, the Company's financial situation remained sound, thanks to a solid programme of debt reduction reducing our exposure to banks, a close attention to reducing costs, and the sale of surplus land. None of these prudent measures, however, will inhibit the Company's ability to take quick advantage of the upturn when it occurs.

Overall, net sales were flat and, at \$257.7 million, were about the same as last year. Margins were reduced through lack of demand for margin products as our customers came under increasing financial pressure themselves. As a result net profit was well down.

Production of cement and clinker at Holcim Cement's Westport Works again fell, although to not greatly below comfortable production capacity. Nevertheless, it was necessary to again avoid exceeding capacity in the cement supply chain around the country. In 2009, this had been achieved by closing Westport Works over the Christmas-New Year period, but this year it was decided to instead have a number of individual kiln-shuts.

Reflecting lower activity in all sectors of the construction industry, Holcim Concrete experienced a further fall in sales volumes. On the positive side, a number of promised infrastructure projects got underway which helped to boost sales. Some very worthwhile commercial building contracts were also secured through partnerships in Auckland in an extremely competitive marketplace and these were welcome.

Holcim Aggregates also had another difficult year, but sales were improved by securing a number of medium-term roading contracts. Kiwi Point Quarry near Wellington made its first full year's contribution and was notable for its volumes being only slightly down on budget.

Lime was once again a bright spot, experiencing good export and domestic sales of both bulk and calcinated (burnt) lime.

Cement

For the first time in 23 months, on 1 July Holcim Cement reluctantly announced a price increase for customers. This was to help mitigate the impact of the substantial cost increases experienced over nearly two years, including rises in fuel and energy costs. Mindful of the situation of many of our customers, we had until 1 July been absorbing these cost increases.

As was the case last year, clinker and cement production at Westport Works continued at low levels not seen for many years. Prior to 2008, demand for cement had exceeded Westport Works' production capacity with the difference being made up by imports. This meant that the effect on Westport Works of the overall fall in cement sales was not so serious but even so, individual kiln-shuts were needed during the year to avoid over-production.

Delivered supplies of used oil fell further in 2010 compared with 2009. This resulted from used oil being increasingly diverted from collection by the well-established Used Oil Recovery Programme into other energy uses. Regrettably, Holcim Cement was forced to increase the use of coal to make up the energy shortfall in firing the kilns from the substantially reduced supplies of used oil.

Concrete

Concern that the slight recovery seen near the end of 2009 in the residential and commercial sectors was fragile proved well-founded. Holcim Concrete again experienced a very difficult year with sales volumes continuing to fall as all three construction sectors struggled with the downturn in economic activity.

Against that, the benefit of building and maintaining good industry relationships and partnerships over the years was well demonstrated when Holcim Concrete gained a number of major infrastructure contracts with construction companies.

These resulted from the Government's announcement in 2008 that it would finance new infrastructure



works and the contracts were very welcome in helping to cushion what is a serious downturn for everybody in the construction sector. Projects included Transpower Ltd's upgrading of lines in the central North Island with Balfour Beatty United Group NZ Ltd, and the rail electrification project in Auckland with Hawkins Construction.

Highlights of the year included securing the concrete supply contract for the Tainui-led Novotel Hotel near Auckland Airport, and for Samson Corporation's 6-Green-Star-Office Design-rated Geyser Building in Parnell – the country's first full 6 Green Star building. Green Star points are awarded for using recycled material in concrete and Holcim Concrete offers a mix using recycled concrete aggregate (RCA) meeting all the relevant Standards. Although this is a little more expensive, it is regarded by customers as a good way of demonstrating their environmental credentials.

Parts of the rural sector were not so affected by the economic downturn, and in the Waikato a number of on-farm infrastructure contracts were secured.

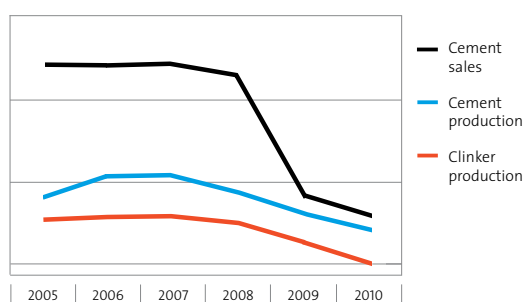
Holcim New Zealand continued its involvement in a number of technically interesting sites for concrete pours. Whether large or small, each had its own challenges that were met by excellent teamwork. Among the larger was a 5,000 cubic metre concrete pour for Westland Milk Products' 17,000 square metre new drystore at Rolleston near Christchurch. Much smaller but just as challenging was pouring concrete to upgrade power pylon foundations in Lake Karapiro, where a barge was used to provide a floating base for the submerged work site.

Aggregates

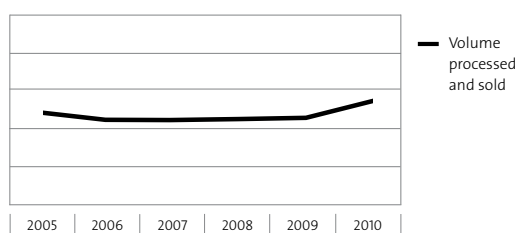
In what was another difficult year for aggregate sales into the construction sector, the Company's ongoing commitment to ensuring Bombay Quarry can continue supplying large volumes over the coming years was brought to fruition. After initial work on stripping overburden on the new Jones Block was carried out in 2009, work on transitioning quarrying operations to the new area began this year and is scheduled for completion in 2012.

As it is stripped away, Jones Block overburden will be used to partially refill the old quarry, which is destined for rehabilitation as farmland. Over past decades Bombay

Holcim Cement volumes

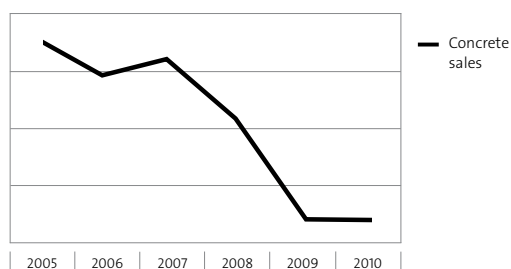


Holcim Aggregates volumes

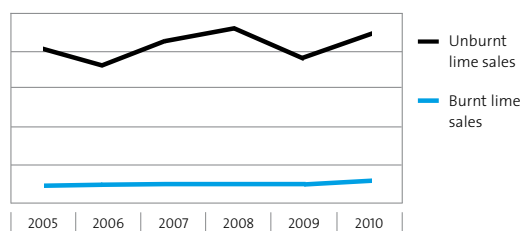


Note: This does not include sales from Atlas Resources (25% owned).

Holcim Concrete volumes



Lime volumes





has yielded millions of cubic metres of aggregate for construction and roads in the Auckland area and can be regarded as one of the region's significant assets.

Pleasing too was having Kiwi Point Quarry in the Ngauranga Gorge near Wellington make its first full year's contribution since it joined the Holcim family in August 2009. Sales were satisfactory given the economic situation, and were only slightly down on budget. The purchase of this quarry re-established the presence of Holcim Aggregates in the Wellington region and it is well located with Downer's asphalt plant and AML's concrete plant as neighbours. A key customer is Wellington City Council.

Hastings Quarry experienced another challenging year but also gained some key contracts, including the Te Rapa section of NZTA's Waikato Expressway. Overall this is a substantial infrastructure project to build a 102 kilometre four-lane highway in sections from the Bombay Hills to south of Cambridge. Another major contract for three years' supply of roading base course was gained from Hastings District Council.

Lime

Both McDonald's Lime at Otorohanga in the Waikato (72% owned by Holcim New Zealand) and Taylor's Lime at Palmerston, in Otago, had a good year. Sales of agricultural lime recovered in response to a better outlook for dairying and at the same time export sales remained strong.

The substantial increase in the price of gold resulted in both the Lihir and Morobi gold mines in Papua New Guinea increasing their gold processing operations for which quality lime is an essential ingredient. McDonald's sends the containerised lime by rail to the Port of Tauranga, from where it is shipped by Sofrana Line to Papua New Guinea. Taylor's Lime also supplies a gold mine in Fiji and OceanaGold's operations at Macraes.

A key part of the marketing of McDonald's Lime's agricultural lime is the website onlime.co.nz. The website features a trial involving two limed and two unlimed paddocks, recording the cost savings that result from using lime to improve soil conditions and make fertiliser application more effective.

At both Lime operations there has been intense focus on reducing energy usage and costs, in an effort to contain price increases to calcinated lime customers, with considerable success.

Fiji

Fiji's economy continued to experience the results of the 2007 coup, which resulted in the steady but diminished demand for cement and concrete production continuing in 2010. Holcim New Zealand has minority interests in two companies, a 24% share in cement producer Fiji Industries Ltd and a 49% share in concrete company Basic Industries Ltd.

Exports to other South Pacific countries continued to thrive and play a major role in both companies' operations.

A 2009 visit to Holcim New Zealand by a number of Fiji staff to look at the Company's health and safety programmes has resulted in a noticeable lift in safety awareness in the workplace at both Fiji Industries and Basic Industries.

Holcim Ltd

Founded in Switzerland in 1912, our parent company, Holcim Ltd, is one of the world's leading suppliers of cement and aggregates, ready-mix concrete and asphalt.

In the 12 months to 31 December 2010, Holcim experienced a challenging trading environment, but still sold more cement, aggregates and ready-mix concrete. This resulted in consolidated net sales increasing by 2.5% to CHF 22 billion. At the same time, effective cost management reduced fixed costs by a further CHF 312 million. The effect of the global financial crisis that began in mid-2008 was still felt however, with operating EBITDA decreasing by 2.5% to CHF 4.5 billion and net income reducing by 17.2% to CHF 1.6 billion.

Cash flow from operating activities stabilised at a high level at CHF 3.7 billion, while net financial debt was reduced by CHF 2.5 billion with strong liquidity and a solid balance sheet. This strength enabled a payout to shareholders from capital contribution reserves that corresponded to last year's CHF 1.50 per registered share.

Distribution



Holcim Cement

Cement produced annually at Westport Works is needed for a variety of applications all over New Zealand and Holcim New Zealand has a distribution system that efficiently meets that need.

Two ships, mv Westport and mv Milburn Carrier II, transport nearly all the cement produced at Westport Works from the Port of Westport to six ports around the country – Port Chalmers, Lyttelton, Nelson, Wellington, New Plymouth and Onehunga. The cement is then air-pumped from the ships into Holcim New Zealand's distinctive port-side cement silos, awaiting pickup by road tankers for onward delivery into packaging plants, Holcim Concrete plants and customer silos.

This cement distribution system is capable (with imports) of handling up to 700,000 tonnes of cement a year, but the major downturn in cement sales over the past two years has seen handled tonnages retreat to those not seen since 2003.

To avoid over-supplying the distribution system and causing backups, Westport Works operated a series of individual kiln-shuts during the year to reduce cement production. With cement consumption being a key economic indicator, this unprecedented series of kiln-shuts underlined the seriousness of the downturn in the country's construction sector.

Bar conditions at the Port of Westport were largely favourable during the year and a highlight was Milburn Carrier II carrying 7000 tonnes of cement across the bar – a record for a single trip.

Both ships continued using “slow steaming” during the year as a major cost-saving measure, where only small reductions in speed achieve significant fuel savings of up to 20%.

Road

Holcim Cement operates about 40 modern cement road tankers around the country to distribute bulk cement to customers, making the Company one of the larger heavy transport operators. The continuing downturn in demand for cement called for even greater attention to operating the distribution system efficiently while meeting all customers' expectations.

Overall, the aim is to reduce the delivery cost per tonne of cement to help absorb major cost increases in items such as fuel. Because of the large tonnages involved over the year, achieving even small payload savings is worthwhile. When loading at depots where there is no weighbridge, drivers and load operators are rightly mindful of not overloading the tankers, with the result that tankers leave the depot about 6% short of their allowed tonnage on the road. To address this, the Wellington Depot trialled an onboard digital load indicator to help the driver confirm the tanker weight as it is being loaded. As a result, payload accuracy increased by 5% with a nearby weighbridge showing that no deliveries were even close to overloading.

Holcim Concrete

While some trucks are being taken off the road to reduce the fleet, most are being retained and maintained so that Holcim Concrete can quickly respond to the upturn when it occurs.

Gaining or continuing to service a number of large infrastructure contracts was the highlight of the year. This Government and local authority-initiated work was very important in helping to cushion the impact of the economic downturn on jobs in the industry and more of this kind of work will be very important in 2011.

Significant Projects

The versatility and importance of concrete as a construction material is highlighted by four diverse concrete contracts undertaken during the year.

Getting the fully-laden 20 tonne Holcim truck to the middle of Lake Karapiro required very careful management.



Lake Karapiro

When projects involve pouring concrete under water, a common question is how can the concrete possibly set. The question comes from the misunderstanding that concrete needs to dry out while setting (or curing). In fact, concrete must be kept damp while curing for strength to fully develop, so full contact with water is not an issue, although pouring concrete underwater does have major challenges.

Picturesque Lake Karapiro on the Waikato River was this year the scene of a technically challenging underwater concrete pour by Holcim Concrete. In 1947, pylons for the 220kV national grid transmission line were built in the valley and three years later the valley was flooded to create Lake Karapiro for the Karapiro Power Station.

Roll forward to 2010 and the time had come to restore the two pylons' eight water-eroded foundations lying in eight metres of water. Getting a 20-tonne Holcim Concrete truck to the middle of the lake to deliver 337 cubic metres of concrete required numerous trips by an 80-tonne barge towed by a tug. Considerable health and safety planning went into the operation with the truck driver travelling out on the safety of the tug rather than on the barge. In preparation for the new concrete, divers had installed steel plates to box the foundations and screens outside those to prevent any wet concrete getting to the lake. Later, the divers returned to guide the concrete pour by radio communication from the lakebed.

To allow for the long trip from Holcim Concrete's Cambridge plant to the lake, the concrete's setting time needed delaying by four hours and this was achieved with additive supplied by Sika (NZ) Ltd. Then, to avoid wet concrete contaminating the lake, the free-flowing mix was carried right into the steel boxes by a flexible hose, ending in a pipe designed to bury itself in the concrete as it was poured. The divers' job was to guide the pipe (known as a tremie) into the boxes for an accurate pour to prevent the concrete stream contacting the water.

Westland Milk Products drystore at Rolleston

In contrast to the Lake Karapiro pour of 337 cubic metres, the floor of Westland Milk Products' new drystore warehouse and rail siding apron at Rolleston required 5000 cubic metres of poured concrete from Holcim subsidiary RML (AML Ltd). One of the most important performance specifications for the concrete was imperviousness to surface wear. This was because any abrasions or cracks developing in the warehouse floor would pose an unacceptable contamination risk to Westland Milk's certifications.

At 21,000 square metres (17,000 for the warehouse alone) the job used the post-tensioned reinforced concrete slab technique, with the warehouse floor divided into nine 35m x 55m slabs for segmented continuous pouring. Post-tensioning (where cables in tubes through the concrete are tightened after setting for continuous compression of the concrete) mitigated the risk of surface cracks and allowed the 165mm thick concrete to better absorb stresses resulting from seasonal temperature changes and reduced the building's need to flex. Achieving such a hard-wearing surface called for the highest of concrete placing and curing skills. Knowing when concrete was reaching its interim and final specified strength and hardness was of critical importance because construction works on and around the concrete could take place only after it reached certain strength levels. During this period, the exposed concrete had to be adequately hydrated (kept moist) and temperatures carefully monitored. A key part of curing is knowing the water content of each load of concrete that arrives for placing, so this was measured too.



Much of a concrete placer's skill goes into ensuring the final surface of the concrete is flat. However, the concrete pour adjacent to the warehouse for the rail siding was slightly uphill. The railway line had an uphill grade of one metre for every 400 lineal metres and for the concrete placer this was 3mm uphill for each metre of concrete slab.

Motorway project South Auckland

The State Highway 20 Manukau Extension project connecting the southern end of State Highway 20 with State Highway 1 at Manukau has involved a four-lane motorway extension with three interchanges and twelve bridges. This 4.5km, \$210 million project began construction in June 2006.

Holcim Aggregates partners Allied Concrete and Downer EDI supplied the concrete and asphalt respectively. Most of the concrete supplied was by the Allied Penrose plant (the largest in New Zealand) with the asphalt being supplied by Downer's Astec plant also in Penrose.

Holcim Aggregates' Bombay Quarry supplied basalt selected as best suited for concrete due to the high strength, low shrinkage requirements and also the improved workability in the asphalt.

The project consisted of 37,000 m³ of concrete consuming approximately 30,000 tonnes of aggregate supplied by Bombay Quarry, as well as 140,000 tonnes of asphalt.

To achieve continuity of supply to the project at its peak, Bombay Quarry operated using its consented operating hours fully and achieved new records of production.

Transpower New Zealand – North Island Grid Upgrade

Transpower's new 196-kilometre, 440kV-capable overhead transmission line is to stretch north from Whakamaru, near Taupo, to Otahuhu and will provide much-needed additional supply capacity for Auckland. This \$824 million line is a major piece of infrastructure on which Auckland will depend for its future growth and is a good example of the critical role of cement and concrete in supporting a modern society.

The geography of the land much of the line traverses means it is not the usual habitat of a concrete truck, and when Holcim Concrete won the contract to supply and place the concrete for the line's 426 transmission towers, there were formidable access issues to address.

Planning for pours at so many locations, spread over 200 kilometres, has required a scale that few concrete plants can achieve. Holcim plants at East Tamaki, Pukekohe, Otorohanga, Huntly, Horotiu, Morrinsville and Matamata were used to supply the project.

Each 60-metre tower needed about 40 cubic metres of concrete for its four foundations, with construction of the first section of 70 towers in Franklin County getting underway during the year. Holcim Concrete drivers used the access tracks built to enable construction vehicles to get to each site.

The utmost skill was required to manoeuvre each concrete truck up the tracks and then position the truck at the site for each pour. Ensuring everybody's safety during the whole process was paramount.

An artist's impression of the State Highway 20 Manukau Extension project, which by the end of 2010 had been supplied with 30,000 tonnes of Holcim basalt aggregate.

Long-term Cement Supply Options

Holcim New Zealand executives and project team members view a map of the Weston area near Oamaru, where a new cement plant would be built if approved by parent company Holcim Ltd.

With all the required resource consents in hand for the proposed new cement plant at Weston near Oamaru, Holcim New Zealand focussed its attention during 2010 on preparing and finalising the business case for approval by parent Holcim Ltd.

Weston is Holcim New Zealand's preferred option for the Company's long-term cement supply to replace the Westport Cement Plant at Cape Foulwind, which is now more than 50 years old.

During the year a number of modifications were made to the proposed Weston plant layout and design to enhance its clinker manufacturing capacity. The Company has identified export opportunities throughout the Pacific as a way to strengthen the business case for the plant, as exporting clinker until New Zealand market demand strengthens would mean the plant could operate at capacity from the outset.

The final business case reflecting this modification was considered by the Board of Holcim New Zealand in November and approved to go forward for consideration by the Executive Committee of Holcim Ltd. If that Committee approved the business case it would then go to the full Board of Holcim Ltd for a final decision.

Factors influencing the Holcim Ltd Board's decision could include how the Holcim New Zealand proposal compares with other international investment opportunities, timing factors around availability of capital, and New Zealand Government policies.



With the decision being made by our parent company we do not determine the timeframe, however we are expecting a decision in 2011.

Because of the potential share market impact of large capital decisions Holcim Ltd, as a publicly listed company, must announce any new plant decision to the share market first. If the Holcim Ltd Board approves the construction of the new plant, the initial announcement will thus come from our Swiss parent company.

For the last two years, groups of pupils from Westport schools have assisted with planting at the Cape Foulwind wetland and bird sanctuary.

Social Sustainability



Social Sustainability

Sustainable development is at the core of the Holcim business strategy. It forms the basis of everything we do, enhancing the value created for our stakeholders and ensuring continuing success.

Every year, Holcim New Zealand reviews and reports on how we are managing our social responsibilities. Through our parent company, this information goes to various sources including Dow Jones Sustainability Index, Global Reporting Initiative, FRSE4Good, The United Nations Global Company, as well as other Holcim Group companies.

Our level of performance in these areas is important to the Company's reputation, the health and safety of our employees and ongoing relationships with all stakeholders in the communities in which we operate.

Safety Initiatives



While progress continues to be made towards the goal of Zero Harm to our employees, contractors, customers and visitors, achievement of World Best Practice remains elusive.

There is no doubt that the Company's Zero Harm-Safety First emphasis is showing an ongoing effect in significantly lowering the number and severity of injuries, with 50 percent of Holcim sites recording zero injuries during the year and some achieving zero injuries for several consecutive years.

Vigilance on employee health and safety continued during 2010. One new safety initiative was introduced, along with audits and reviews of several other initiatives, to ensure their ongoing effectiveness.

Next Steps – This series of workshops for the three management teams (Concrete/Aggregates, Cement and Lime) provided time to reflect on the Zero Harm journey, celebrate achievements to date and learn from our experiences so as to improve health and safety levels in each team. The main output from these Next Steps workshops was an action plan for each team to take back to their division aimed at raising health and safety to the next level.

The workshops were completed by the end of 2010, with the 2011 focus to be on re-engaging employees of each division in safe behaviours that are interdependent, with each employee accepting responsibility for their own behaviour and for the safe behaviour of others they are working alongside.

Safety Tours – Initiated at the start of Zero Harm, Safety Tours are carried out at all Holcim sites to identify and rectify existing or potential unsafe acts or situations. Safety Tours continue to be the mainstay in maintaining

effective and proactive health and safety dialogue between all staff, acknowledging good health and safety practice.

In 2010, 6746 Safety Tours were conducted across all sites compared with 6723 the year before.

Over the years, the number of Safety Tours has continued to grow steadily. At the same time, the quality of the tours has also incrementally increased, with tours being monitored and reviewed for quality of input and results. Tours are now being carried out by those outside the management team, which is a good indicator of how highly Safety Tours are regarded and how embedded they are in the Company culture.

Safety Alerts – The new three-level health and safety communication system introduced in 2009 has proved effective in passing on lessons learned and new ideas from incidents within Holcim Group and across the industry. The system introduced three coloured borders around health and safety information displayed on noticeboards, indicating whether the alert was high risk (red), involved changes to standards, procedures or rules (blue), or provided general health and safety awareness information (green). Employees have found the new three-colour system a helpful way of receiving lessons learned from other Holcim sites around New Zealand, as well as from other companies involved in the industry. Employees contribute to the Safety Alerts by sharing information through the online Safety Alerts link and the Good Ideas database.

Fatality Prevention Elements (FPE) – Aimed at controlling hazards in activities where there is a high risk of serious harm, FPE remain a continuing focus of Holcim in its goal of attaining Zero Harm. Holcim New Zealand has now implemented and reviewed processes to manage the following high-risk elements: Confined Space Entry, Equipment Lockout, Prevention of Falls, Hot Work, Lifting



and Supporting Loads, Electrical Safety and Machine Guarding.

Processes and procedures for controlling these hazards have been developed Company-wide, with a sub-committee formed to examine and monitor each one under the leadership of a member of the Senior Management Team. Training has been conducted for staff on procedures for each FPE, with refresher courses and auditing carried out on a regular basis. Hot Work was audited in 2010.

A draft set of guidelines for Vehicle and Traffic Safety was released for staff comment during the year, with final review and implementation due in 2011.

Standards Committee – Set up as a sub-committee of the Holcim Safety Council during 2010, the Standards Committee takes responsibility for the ongoing maintenance and review of policies and procedures and Fatality Prevention Elements that are implemented to the extent that they are considered business as usual. The Committee monitors the procedures and ensures they are reviewed every three years at least, and is responsible for recommending changes to procedures to ensure continuous improvement. The Committee is also responsible for auditing, and monitoring the effectiveness of health and safety training programmes.

Contractor Management – After modifying the Contractor Management programme in 2009, the revised programme was applied Company-wide during 2010, with the aim of gaining better control of contractors' health and safety results and to closely monitor contractors' performance.

Reviews of contractor health and safety performance were carried out at sites during the year to monitor compliance, with feedback provided for each contractor on good performance and on areas for improvement.

Take 2 to do it right



minutes about the potential for harm before attempting an activity, is embedded in the Company culture, with

Take 2 to do it right – The catchphrase "Take 2 to do it right", encouraging staff to stop and think for two



staff using the personal risk assessment at work and in the home.

Actions Employees Can Take (AECT) – After a revitalisation in 2009, this behavioural management initiative provided staff with fresh thinking about the health and safety tools and procedures to follow at all sites. Integral to the gains made towards Zero Harm, AECT encourages staff to take responsibility for their own behaviour as well as their colleagues'.

Job Hazard Analysis – Now in its third year, this safety documentation process builds on other safety initiatives by ensuring processes and procedures are always thoroughly documented. A health and safety audit during the year showed additional training the previous year in Job Hazard Analysis had very positive results.

Safety Leadership Programme – One Safety Leadership Programme was held during the year with 14 managers and leaders completing the course. 121 of the Company's leaders have attended the programme since it was initiated in 2006. A second programme was started towards the end of the year, with completion due early 2011.

Incident Investigation – Thorough investigation and management of health and safety incidents play a major role in preventing repeat incidents. During the year, 18 high-level investigations were carried out by the Company's 21 Incident Causation Analysis Method (ICAM) investigators. Two of these investigations involved injuries with the remaining 16 involving incidents where there was the potential for harm to occur.

Bernie Chote, General Manager of Winstone Aggregates (left) presenting the Winstone Aggregates Safety Award to Brian Bouzaid, Operations Manager at Kiwi Point Quarry. The award is made annually to the quarry operation judged as best meeting a wide range of safety criteria.

Safety Performance



Since Holcim New Zealand initiated a safe-behaviour culture-change programme aimed at achieving Zero Harm, there has been a significant reduction in lost-time injuries (LTI) but it is disappointing that the number has remained static over the past year. During 2010, the Company remained above the World Best Practice level.

Four Holcim employees and two contractors experienced LTIs during the year, a similar result to the five employees and one contractor recording LTIs the year before.

50% of Holcim New Zealand sites continue to operate at a very advanced level of safety awareness and have continued to demonstrate a Zero Harm record, which is highly commendable. All efforts in health and safety management are aimed at seeing this record extended Company-wide.

To this end, during 2010 Holcim started to focus more closely on medical treatment injuries (MTI). The purpose of drilling down to this next injury level is to determine if these lower-level indicators could help prevent an LTI.

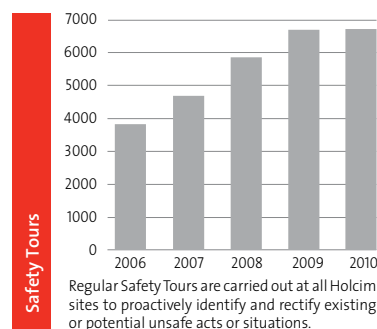
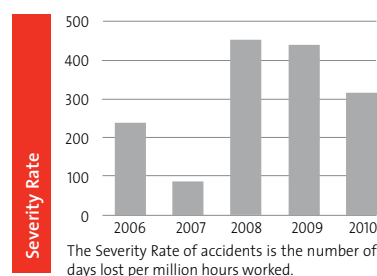
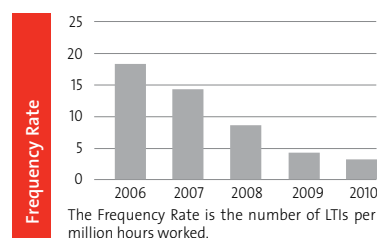
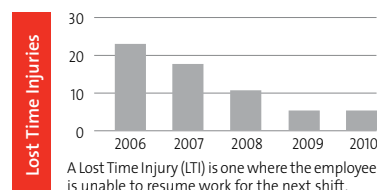
There was a 20% decrease in the number of MTIs during 2010 compared to the previous year and Holcim will look for further ways of reducing these in the year ahead.

A graph showing the number of MTIs for the past five years is included for the first time on this page. Sprains and strains continue to be the main cause of injury, accounting for two of the lost time injuries during the year. This was despite efforts to reduce these through the Move at Work training programme, which was introduced into Holcim during the year and will continue in 2011. The safety training provider for the programme advises it will take time for behaviours to change and for this to be reflected in fewer sprains and strains.

The LTI frequency rate is the lowest yet at 3.55 Lost Time Injuries per million hours worked, down from 4.5 last year, which is marginally closer to World Best Practice level of 2 injuries per million hours worked.

ACC Partnership Programme

The September 2010 ACC audit confirmed that Holcim retained its tertiary level status for the third year in a row. The audit was conducted at the Horotiu Concrete and Masonry plants, with managers and employees attending focus groups with the auditors to measure their level of understanding of health and safety and of the ACC Partnership Programme. The programme enables the Company to take on ACC's role of administering, remunerating and rehabilitating employees injured at work.



Employee Initiatives



The tight watch kept on staffing levels in 2009 continued during the year as the economic situation failed to improve. Recruitment was once again scaled back and some positions were lost through natural attrition. Only four positions were made redundant in 2010, compared with 20 in 2009.

During the year, Buller Port Services ended 22 years managing the port at Westport, when Buller District Council took over its management on 1 September 2010. This resulted in the loss of 11 Holcim employees, who are now employed by the District Council.

However, this has not had an effect on the organisational demographics, which remain much the same as the year before.

With the ongoing economic downturn clearly affecting all staff, continuing emphasis was placed on keeping staff engaged, motivated and informed, with the Managing Director once again visiting most sites during the year to meet with staff and answer questions about the Company's position and future direction.

Most staff development and training programmes were retained during the year and new ones were initiated.

Gender

	2006	2007	2008	2009	2010
All Employees					
Female	12%	13%	14%	13%	14%
Male	88%	87%	86%	87%	86%
Management Positions					
Female	12%	12.5%	15%	13%	12%
Male	88%	87.5%	85%	87%	88%

Turnover

	2006	2007	2008	2009	2010
Resignations	65	83	107	41	54
Retirements	5	11	4	5	3
Death in service	2	0	1	1	0
Redundancies	7	3	5	20	4
Dismissals	6	5	6	6	3
Average number staff	523	554	539	512	496
Voluntary turnover	13.7%	15.5%	15.2%	6.6%	8.9%
Total turnover	16.2%	18.4%	18.3%	11.9%	12.9%

Age of Employees

Age Band	2006	2007	2008	2009	2010
15 – 29 years	9%	11%	11%	9%	9%
30 – 49 years	49%	45%	45%	43%	42%
50 – 60 years	28%	32%	25%	29%	30%
60 years plus	13%	11%	17%	17%	17%
Age unknown	1%	2%	1%	2%	2%

Note: Staff demographics exclude the following partly owned subsidiaries and associates: AML, Millbrook Quarries, Fiji Industries, Basic Industries and Atlas Resources.

Forty participants from all areas of Holcim New Zealand participated in the 2010 Management Forum, which had the theme "Sustaining the Effort."

Economic strictures and the focus on core business meant continuing restrictions on participation in Holcim Group learning and development programmes and very few visits from Holcim people to New Zealand. One Holcim New Zealand employee worked for several months for a Holcim Group company while on long-term leave.

Training in the Dialogue process was completed in early 2010, which represents a major accomplishment for the Company in that all staff are now familiar with the process. Dialogue involves using formal and informal channels for employees to talk with their manager about how they are performing and their training and development requirements. New staff now receive the same training as part of their induction.

Employee Survey

In 2007, Holcim New Zealand was one of seven Group companies to participate in a pilot employee survey. This online and paper-based survey provided feedback on what staff thought about their work experience, how they worked as a team, and how the Company worked with customers. A number of new initiatives were introduced as a result and served as the building block for a focus on our Company Values.

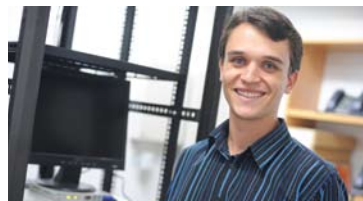
The participation of Holcim Australia in the employee survey towards the end of 2010 provided a cost effective means for Holcim New Zealand to repeat the survey at the same time. The results and feedback provided a measure of how well the Holcim Values of *Strength. Performance. Passion.* have been embedded in the Company culture. The survey results also provided a solid foundation for developing strategies to improve the work environment and business results, as well as the Company's ability to attract, motivate and retain good people.



Managers played a key role in facilitating survey completion at each site and the Company added a further incentive by donating \$10 to St John Ambulance for every survey completed, raising a total of \$3700 and resulting in a higher return rate of survey forms, with employee participation increasing to 76% (up from 64% in 2007). The survey results will be communicated in 2011.

Leadership Development

A Management/Leadership Strategy was developed and adopted during the year to provide the framework for people development initiatives and bring together various existing work streams and processes. Holcim requires leaders who are committed to identifying the leadership potential in others and who have a belief that their own performance as a manager is influenced by their track record of delivering in this area. As a company we have always prided ourselves on our ability to extend our employees and will continue to develop a successful people-development culture.



Project Wattlebird

The establishment of a trans-Tasman project team to improve the efficiency of business processes across Holcim-owned companies in Australia and New Zealand provided a number of development opportunities for Holcim New Zealand employees. Several staff were seconded into the project and relocated to Brisbane, while a number of other staff were involved on an as-required basis. The subsequent back filling of vacant roles provided opportunities for other staff.

Knowledge Management

Employees took up the challenge in 2010 to contribute to improved performance and networking across sites through the implementation of a knowledge management project, designed to integrate a knowledge-sharing culture into the Company.

As part of the overall Holcim Limited knowledge-sharing strategy to “share what we know and what we do”, Holcim New Zealand employees worked to identify knowledge relevant to the business and to ensure that this knowledge was made accessible to interested employees both nationally and internationally.

This sharing of information coincided with a challenge to clean out filing cabinets and cupboards to get rid of obsolete, duplicate and irrelevant information.

Holcim iShare

In 2010, Holcim New Zealand was offered the opportunity to be one of the pilot companies using the Holcim global knowledge platform iShare, accessed through a link on the Company intranet. This provided a good fit with the knowledge-management project, and resulted in a much wider sharing of knowledge as iShare was rolled out around the rest of the Holcim Group.

Employee contributions to iShare were recognised internationally as being of very high quality. In turn, our employees benefitted from being able to access the global web of industry and product knowledge available on iShare, providing a valuable tool for domestic projects, and allowing Holcim New Zealand to adopt business benefits and efficiencies identified within other Group companies.

Further benefits of iShare have been knowledge networks, where employees in similar positions across the globe share ideas and ask questions of their counterparts.

Value Creation in a Competitive Environment

Holcim Limited describes compliance with consumer protection and competition laws as “Value Creation in a Competitive Environment” (VCCE), recognising that competition is healthy and good for the industries in which we operate. Holcim respects and complies with competition laws in all the countries in which it operates.

As part of Holcim New Zealand’s commitment to complying with these principles, a refreshed training programme was rolled-out to all relevant employees in 2010, comprising face to face training and an e-learning tool, which is used by the Holcim Group world wide.

Employees participated fully in this training, demonstrating knowledge of their obligations to comply with these laws, and their adherence to the Company Values and Code of Conduct, including honest and fair dealings with customers, fellow workers and the public.

Community Initiatives

2010 Holcim Scholars. Scott Reid (left) has won a Hastings scholarship and Laura Creswell (right) a Bombay scholarship. In Westport, full scholarship winner Sarah Mason (centre) is flanked by holiday work scholars Dylan Paterson (left) and Declan Lennon.

Holcim is committed to being a good neighbour. To achieve this, we have a programme in place to assess local needs, promote community involvement, and partner with local stakeholders to improve educational, social and cultural development in those communities.



Formalised in 2009, the Holcim Community Support Programme ensures ongoing commitment to supporting the communities in which the Company operates. The Programme gives preference to three areas of corporate social responsibility, which are a focus for Holcim Group companies worldwide. These are education that increases career and life options including scholarships and second-chance education and training; initiatives that foster the development of strong communities and encourage self help; and building infrastructure in our neighbouring communities.

In addition to corporate sponsorships covering nationwide support needs, the Programme considers sponsorship applications through local Holcim Community Support Committees operating at several key sites. These committees, at Westport, Bombay and Hastings are made up of community representatives, Holcim management and staff. Advertisements in local newspapers are used to encourage communities to apply for sponsorship support.

Tertiary Scholarships

Holcim offers three tertiary scholarships each year in three key areas of operation: Westport, Hastings and Bombay, south of Auckland. Each scholarship offers \$2000 a year (for a maximum of four years) towards tertiary study costs and paid work at the relevant Holcim site during each holiday period. Preference is given to students who have a connection with the community and whose tertiary studies are relevant to our industry.

Winners of the 2010 scholarships were:

Bombay: Laura Creswell, who will be studying for a Bachelor of Science (majoring in Environmental Science) at Waikato University.

Hastings: Scott Reid, studying for a Diploma in Engineering (Civil) at Otago Polytechnic.

Westport: A full scholarship (study support and holiday work) has been awarded to Sarah Mason, who will be taking a first-year Health Sciences course at University of Otago, as a precursor to medical training. Holiday work scholarships have been awarded to Dylan Paterson, studying for a Bachelor of Science (majoring in Physics and Mathematics) at Canterbury University; and Declan Lennon, who is studying for a Bachelor of Engineering (Chemical and Process) at Canterbury University.

Community Liaison

In three key regions in which we operate, Holcim has formal and informal community liaison meetings to give locals an opportunity to voice any concerns, discuss community needs and learn about activities Holcim has planned for the area.

In Westport and Bombay, contact was maintained during the year through regular meetings of a Community Liaison Group, while at Hastings Quarry the outreach has been through a more informal community liaison network.

Return of Rock Art Taonga

As part of a two-year \$15,000 commitment made in 2009 to the Ngāi Tahu Māori Rock Art Trust, Holcim funded the return of Rock Art taonga to Te Waipounamu in 2010.

The pieces of rock art had been cut out of rock in 1916 by a visiting American scholar who had been keen to preserve them after seeing similar art being vandalised elsewhere. Most of the pieces went to Otago, Auckland and Whanganui Museums. However, several smaller pieces surfaced in overseas collections. Nearly a century later, 13 of these taonga were gifted to the Trust,



returned to the South Island and exhibited at the Ngāi Tahu Māori Rock Art Trust's new centre in Timaru.

Prior to the taonga being placed on display in the Māori Rock Art Centre, they were welcomed back to Te Waipounamu at a special ceremony at Arowhenua Marae attended by Holcim representatives.

Westport

Sponsorship continued for long term projects such as the Westport Blue Penguin Trust, a five-year sponsorship helping to track and count colonies of blue penguins near the Cape Foulwind Quarry.

Holcim made a further contribution towards its five-year \$250,000 sponsorship of Westport's McDonald Park sports and events centre.

As part of its commitment to furthering education, Holcim funded two students from Buller High School on a 10-day voyage on the Spirit of Adventure, and several other students to attend the Model United Nations event in Wellington.

Camerata fees for Buller Country Music Club, driveway kerbing for Westport Golf Club, and a new literacy programme for Buller Adult Learning Services were all successful in receiving sponsorship support, as was the Westport Community Patrol to help replace its patrol vehicle.

The Granity After School Programme and the Salvation Army both received assistance towards building renovations, and the Westport Kindergarten was funded for a new data projector. A number of other Westport organisations received funding for travel and tournament costs.

The Company also presented a Buller High School Science Foundation Award.

In June, the Company invited Year Seven students from Westport's St Canice's School to help plant 600 plants at the Omau wetland and bird sanctuary. The wetland, being developed on an eight-hectare former quarry site, will eventually include a series of small lakes, a walkway and a bird hide.



Glen Stuart (left) and Patrick O'Dea were among 50 Westport staff who took part in World Cleanup Day.



Members of the Bombay Scout Group show their delight at improvements made to their Scout Hall.

In November, about 50 Westport staff once again took part in World Cleanup Day. They supplied labour and equipment for 50 kilometres of road cleanup and also supported the efforts of other community groups at Carters Beach and Tauranga Bay taking part in the event.

Bombay

A number of schools and playcentres were allocated funding to replace indoor and outdoor equipment, and Adult Literacy Franklin again received assistance for its volunteer work in helping adults learn to read.

Holcim provided support towards a Positive Ageing Expo and a science and technology exhibition, both in the Franklin area. Funding was also provided for building and driveway renovations for the Bombay Scout Group and the Pukekohe Scouts and Guides, while the local rugby club received assistance with new training gear.



Lyttelton Depot Supervisor Lyndon Painter (right) and Head Office Cement Administrator Saffron Webb, delivering donated food to a Cholmondeley Children's Home staff member.

Hastings

At Hastings, Holcim assisted the work of the Accident Injury Support Trust, local youth services and an early education centre. The Tata Olsen Scout Group received funding towards a second-hand marquee for scouting and community events; Japanese and Māori language students at Karamu High School received assistance to go on a cultural exchange; and mentoring support was funded for Māori students at Havelock North High School.

A Māori Achiever Award was once again presented at Taradale High School.

Other sites

Sponsorship support organised through other Holcim sites during the year included helping a young man attend the International Space School in Houston, Texas, in July; providing cement for a new adventure playground at Green Island Primary School in Dunedin, purchasing kitchen equipment to help Ngaruawahia Community House offer community cooking lessons; and providing railway ballast towards the establishment of the Rimutaka Incline heritage railway precinct.

At Otorohanga, the site for McDonald's Lime, a long-standing \$10,000 commitment to the local air ambulance continued during the year, as did the \$8000 sponsorship of the Otorohanga Trade Training Centre. A contribution was also made towards the town's new St John Ambulance building.



During the year, the quarry sponsored aggregate to the Oparure Marae and to the Te Kuiti Walkway, as well as a digger and manpower to complete the walkway work. McDonald's Lime staff were invited to attend the official opening of the walkway in December.

A joint initiative between Lyttelton Depot and Head Office resulted in large hampers of grocery items donated by staff and the Company being presented to the Cholmondeley Children's Home in Lyttelton.

In Dunedin, two Allied Concrete trucks took part in the annual Special Rigs for Special Kids event, part of a convoy of 220 trucks stretching up to 15 kilometres.

Funds were donated to Onewhero Area School, near the Waiuku Concrete Plant, to help complete the school's community garden and outdoor classroom. Holcim funded materials to lay the pavers and an outside blackboard for the garden, which will be used by the school and the whole community.

Children playing on the new adventure playground at Green Island Primary School in Dunedin.



Westport Works Environmental Advisor Trish Costelloe checks an emissions monitoring station.

Environmental Sustainability



Environmental Performance

The adoption of two major environmental initiatives added considerably to the Company's ability to continuously strive for environmental excellence.

Extensive lab and field testing has been carried out to confirm the performance of concrete using lower carbon cement.

Leading the Way with Lower Carbon Cement

During 2010 Holcim has played a key role in the October amendment of New Zealand Standard NZS 3122. The amendment allows an increase of mineral additions from 5% to 10% and thus a reduction in the clinker factor of general purpose cement.

Reducing the clinker factor in general purpose cement represents one of the most effective methods for making significant CO₂ reductions in the cement industry and reducing the carbon footprint of ready mix concrete and concrete products.

Because general purpose cement continues to represent a large proportion of the New Zealand market, this relatively minor reduction in clinker factor will contribute significantly to Holcim's efforts in reducing CO₂. The amendment allows Holcim to reduce the annual carbon footprint associated with cement production by at least 15,000 tonnes CO₂ (approximately 11kg CO₂ per cubic metre ready mix concrete produced).

The change was a successful outcome for the Mineral Components project team, who played a leading role in the Standards Committee processes. Holcim undertook in excess of 20 full-scale milling trials at Westport to ensure it could continue to produce high quality cement that meets customer expectations. Mill trials successfully demonstrated that an optimum combination of high grade limestone, grinding media, compartment configuration, grinding aid and mill air flow will deliver excellent performance. The outcome of the milling trials has shown that Holcim has achieved reproducibility within existing cement product performance parameters.

Extensive lab and field testing of the finished concrete was undertaken to demonstrate that the change complied with the existing performance criteria in NZS 3122 and will have comparable properties that are acceptable to cement users nationwide. Holcim has maintained the same strengths (at all ages) and other performance criteria using the new cement in a range of conditions and applications including ready-mixed concrete, masonry, pre-cast and concrete pipe manufacturing.



The change to NZS 3122 in New Zealand is considered to be one further step towards lower carbon cement, by adopting an approach which is consistent with a weight of international experience. Holcim New Zealand will start production of cement with the reduced clinker factor early in 2011.

User-Friendly Environmental Management Systems

2010 heralded the introduction of an updated Environmental Management System into all operating sites at Holcim New Zealand. The new updated EMS balances the requirements with the ISO14001 standard and the requirements of staff (ultimately adopting a 'less is more' approach). Effective environmental management systems can enable various reporting requirements, new consenting requirements and pre-empt tougher standards coming into place.

Keeping tabs on the many and varied consents, regulatory changes and managing our environmental management system was challenging. Through increased awareness, training, development of systems and the use of innovative systems, Holcim is able to ensure that being an environmentally responsible company is not an onerous and compliance-driven task, but rather a normal part of business.

Holcim New Zealand first achieved ISO14001 certification in 2006. The original documentation was written with a focus on certification requirements. The new EMS has been designed using diagrams and illustrations, enabling Holcim staff to help improve both environmental management and the productivity of the business.



Alternative Fuels and Raw Materials (AFR)

After three years of feasibility studies and small-scale trials, Holcim New Zealand signed an agreement early in the year with New Zealand Aluminium Smelters Ltd for the supply of Spent Cell Liner (SCL) as an AFR at Westport Works. Holcim New Zealand has resource consents issued by the West Coast Regional Council to conduct a full-scale trial using SCL in the kilns for up to twelve months.

As with other AFRs at Westport Works, any resulting emissions must be within the existing consents regime, and early SCL trials showed this would be the case. High temperatures and long residence times in the kiln ensure any harmful organics are destroyed and any solid residues of the combusted SCL are harmlessly incorporated into the clinker product.

SCL is a by-product of smelting aluminium and in New Zealand is produced at the Tiwai Point aluminium smelter, owned by Rio Tinto Alcan through NZAS. SCL is of interest as an AFR because it contains carbon and two minerals needed to make clinker - silica and aluminium. Co-processing SCL in the clinker manufacturing process therefore reduces both the amount of raw materials (aluminium and silica) required, and the amount of coal needed to fire the kilns.

During the trial, SCL will be delivered from Tiwai Point in fully enclosed road trailers. At Westport Works it will be held in a purpose-built receiving facility before being mechanically fed into the kilns.

Another AFR is recycled gypsum from plaster board or wallboard, the product widely used for wall lining. Its manufacture involves production of a large volume of off-cuts. Gypsum is a vital mineral in cement, primarily to stop flash-setting of concrete, and is added with other ingredients to clinker during the milling process. Westport Works needs about 25,000 tonnes a year of high-grade gypsum, which is shipped from Australia, but after the success of a trial with the off-cuts in 2009, these imports were significantly reduced in 2010 by instead sourcing the gypsum from local plasterboard producers as an AFR.

Two other AFRs are used in the kilns at Westport Works. A useful mineral additive is iron-sand tailings, resulting from black sand gold mining at nearby Charleston. The second AFR comes from spent activated carbon filters from the New Zealand Refining Company's plant at Marsden Point, which provide a good energy source. In both cases their use at Westport solves local disposal issues for their producers.

Used Oil Recovery Programme (UORP)

Between 2007 and 2009 the volume of used oil sourced through this environmental security programme fell by 45%. Disappointingly, volumes did not recover in 2010. This was largely due to increases in the price of fuel oil, which made used oil an attractive energy alternative for a number of oil users. High temperature cement kilns remain the only environmentally secure way of removing hazardous used oil from the waste stream, so the large drop in volume coming to Westport Works means large quantities of toxic used oil are being inappropriately combusted or used elsewhere. Tonnages of non-renewable coal used to fire the kilns had to be increased to make up the loss of energy from used oil.

NZ ETS

After a prolonged period of policy development, the New Zealand Emissions Trading System (NZ ETS) came into effect during 2010. This has resulted in a significant net financial liability to the Government for Holcim New Zealand's cement and lime businesses. Nonetheless, with some degree of acknowledgement of trade exposure risks faced by businesses like Holcim New Zealand, the legislation underpinning the NZ ETS sets a responsible and achievable pathway to emissions reductions for the country. On the whole, Holcim New Zealand views this as a positive development and feels it is important to retain the status quo when the first NZ ETS review takes place in 2011.

Process water is treated to river water standard before exiting the McDonald's Lime site via a new rock-lined open channel.

Sustainability Review

Towards the end of the year, a University of Canterbury Masters Commerce student commenced an investigation into sustainability at Holcim and ways in which the Company can become more sustainable. The research will be completed in 2011.

Outfall to waterfall

Treated stormwater and process water now exits McDonald's Lime's Otorohanga site in a more environmentally sensitive manner than it did previously when a concrete outfall pipe delivered water into a stream. Drawing on local knowledge, resources and labour, a team from McDonald's Lime and Oparure Quarry created an attractive, rock-lined open channel to replace the pipeline. Where it enters the Mangapu River the water now cascades down a waterfall. The initiative has been finished off with suitable fencing and riparian native plantings of shrubs and trees around the river's edge, which will further help to improve the water quality of the river.

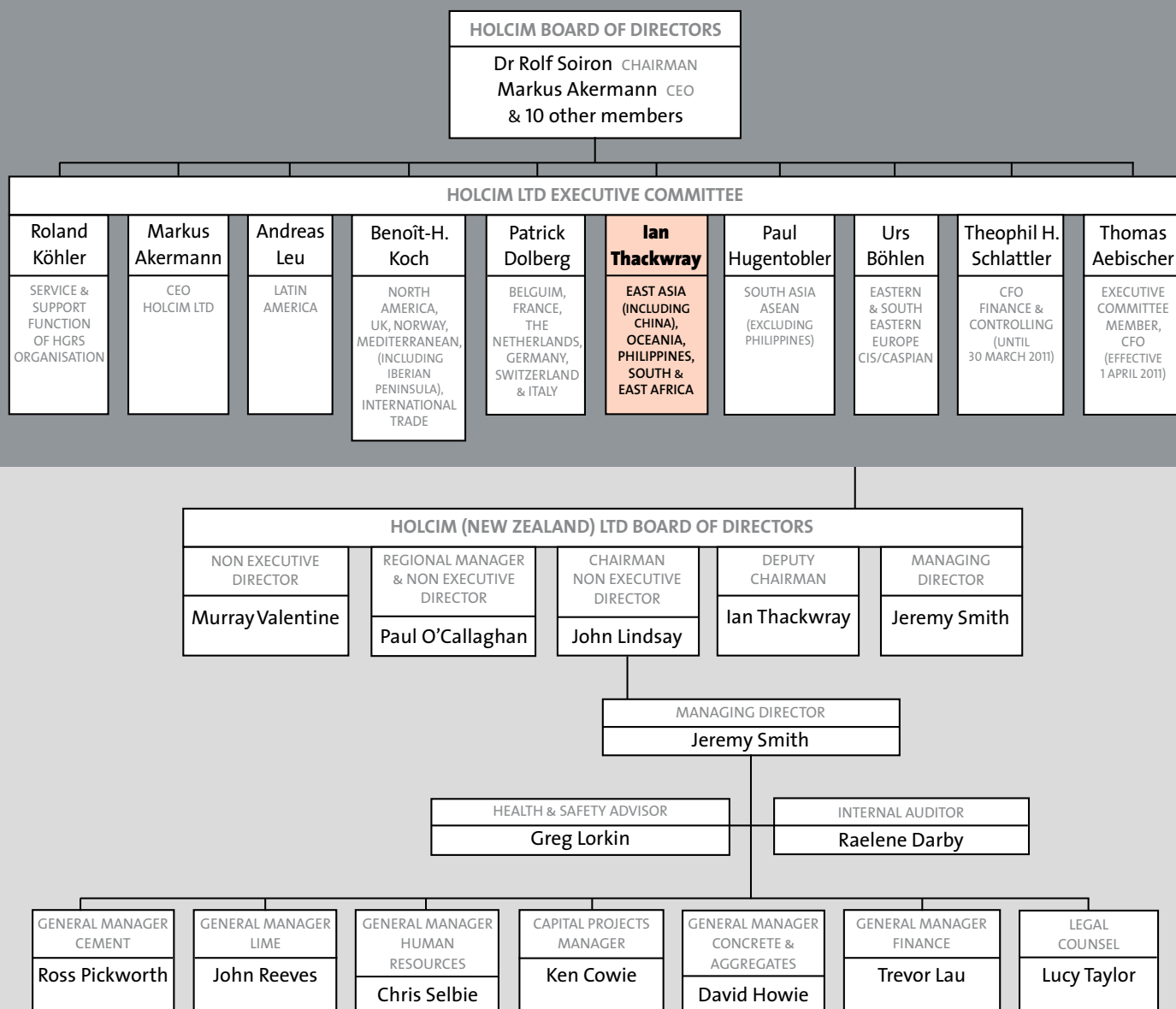




Holcim (New Zealand) Ltd Environmental Plan 2010

Targets for 2010	Status	Details
Retain ISO14001 certification for all Holcim (New Zealand) Ltd sites.	✓	Certification was retained. Review and update of the Environmental Management system has been completed.
Zero fines and prosecutions under the Resource Management Act 1991	✗	An environmental infringement notice and \$750 fine were received for the release of a small volume of coal fines into a creek in the Waikato following a pump failure.
Obtain planned resource consents for ready mix concrete operations.	✓	All necessary consents are in place.
Environmental training and coaching	✓	Planned training and coaching completed.
Ensure KPIs are in place for all divisions for the collection of baseline data.	✓	Data compiled for water use, fuel consumption and other indicators, in conjunction with PEP reporting.
Roll out a revised Holcim environmental management system.	✓	A simplified version of the existing environmental management system was developed and is in use across all divisions.
Implement planned energy efficiency initiatives.	✓	Initiatives implemented and energy use and CO ₂ emissions were measured across all divisions.
Implement waste minimisation initiatives for key manufacturing waste streams	✓	Concrete returns & washings <20% Cement kiln dust traded: 100% Lime kiln dust landfilled <50%

Company Structure



As at January 2011

Holcim New Zealand Executive Team



Left to right:	John Reeves	GENERAL MANAGER - <i>Lime</i>
	Ken Cowie	CAPITAL PROJECTS MANAGER
	Trevor Lau	GENERAL MANAGER - <i>Finance</i>
	Jeremy Smith	MANAGING DIRECTOR
	Chris Selbie	GENERAL MANAGER - <i>Human Resources</i>
	Lucy Taylor	LEGAL COUNSEL
	David Howie	GENERAL MANAGER - <i>Concrete and Aggregates</i>
	Ross Pickworth	GENERAL MANAGER - <i>Cement</i>

As at January 2011

Directory

Holcim (New Zealand) Ltd – Directors

John Lindsay (*Chairman*)
 Ian Thackwray (*Deputy Chairman*)
 Murray Valentine
 Paul O'Callaghan
 Jeremy Smith (*Managing Director*)

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Anthony Harper

BANKERS

Citibank N.A
 Commonwealth Bank of Australia
 Westpac Banking Corporation

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 Fax + 64 3 339 7499
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 www.holcim.com/nz

Operating Subsidiaries – Directors

AML LIMITED

Jeremy Smith
 Trevor Lau
 Scott O'Donnell
 Jocelyn O'Donnell
 Mark Jordan

*50% Holcim (New Zealand) Ltd owned.
 Concrete company*

MCDONALD'S LIME LIMITED

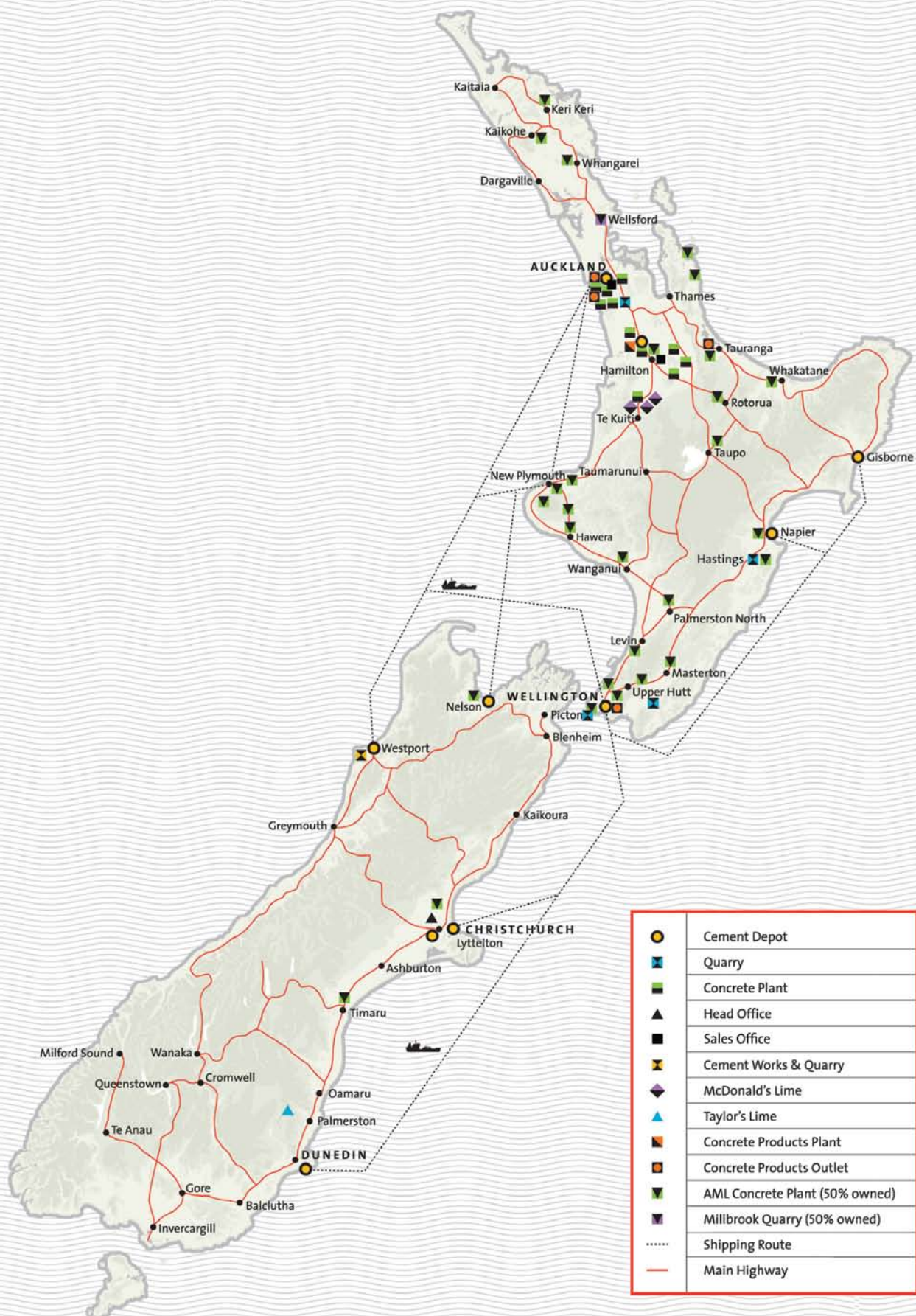
Jeremy Smith
 John Lindsay
 John Reeves
 Anthony Burg
 Ron Gillespie
 Ross Murray

*72% Holcim (New Zealand) Ltd owned.
 Lime manufacturer*

MILLBROOK QUARRIES LTD

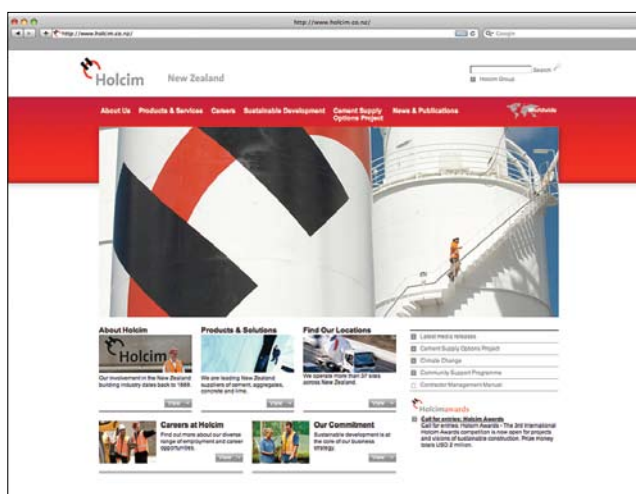
Jeremy Smith
 David Howie
 Stephen Dodd
 Phillip Schmidt

*50% Holcim (New Zealand) Ltd owned.
 Aggregates quarry*

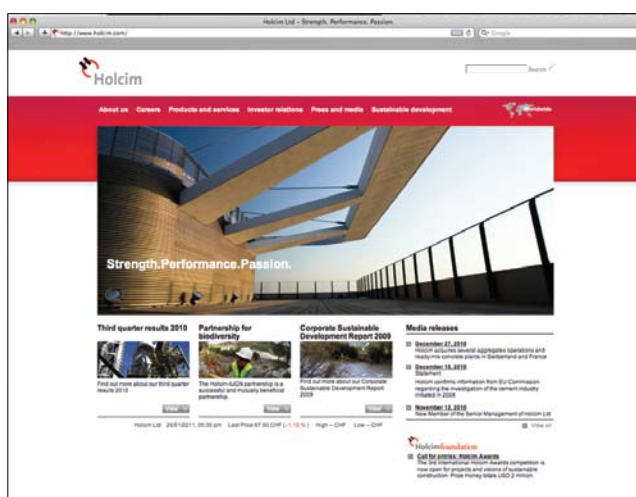


Further information

For further information about Holcim (New Zealand) Ltd please see our website www.holcim.com/nz



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