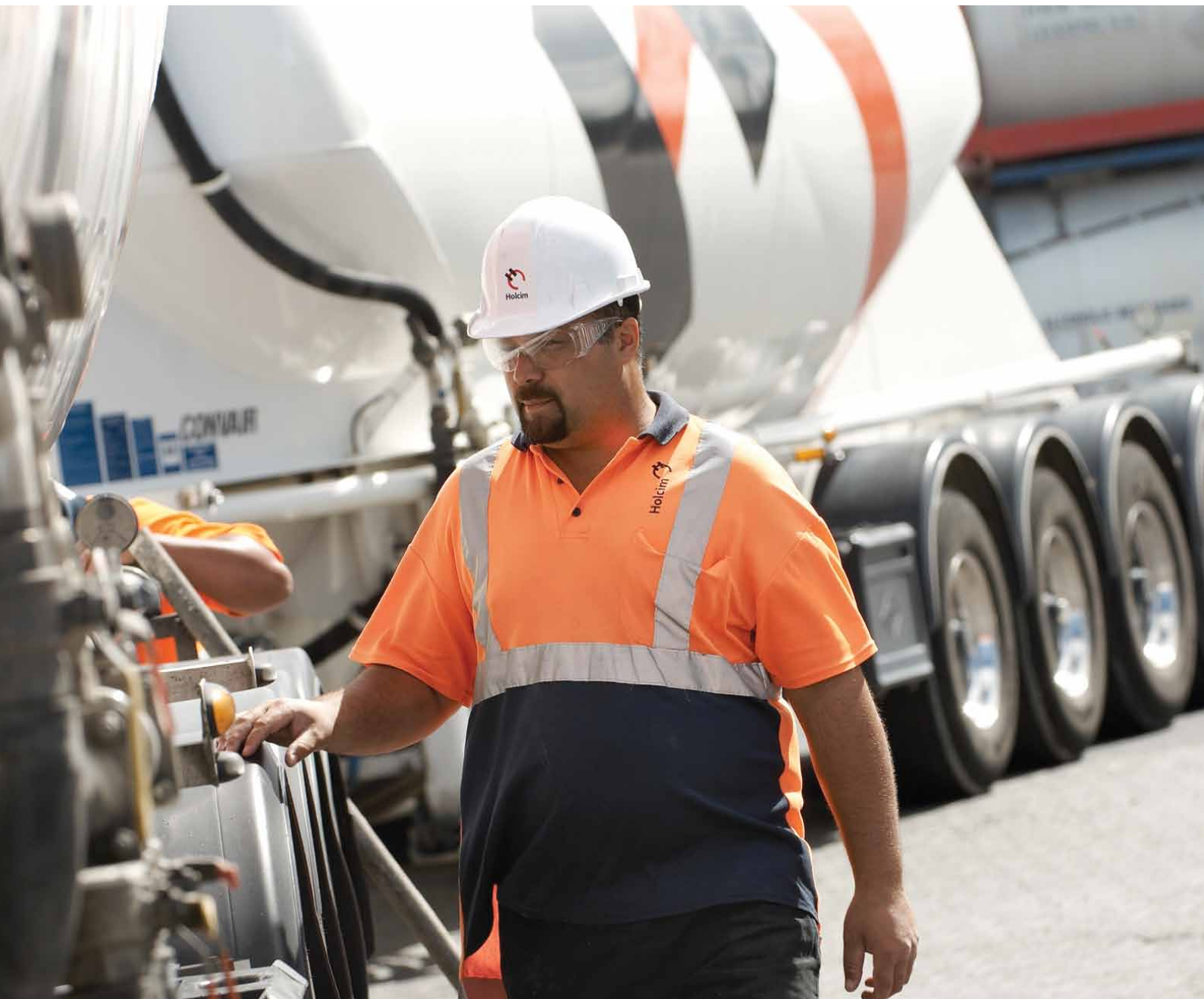


Annual Review

Holcim (New Zealand) Ltd for the year ending 2011





Annual Review

For the year ending 2011

Holcim (New Zealand) Ltd

Review

- 2 About Holcim
- 4 Chairman's & Managing Director's Review
- 6 Board Composition
- 32 Company Structure
- 33 Holcim New Zealand Executive Team
- 34 Directory
- 35 Distribution Map
- 36 Further Information



Economic

- 8 Operational Highlights
- 9 Financial Result
- 10 Production and Sales
- 13 Distribution
- 14 Significant Projects



Social

- 18 Social Sustainability
- 18 Safety Initiatives
- 20 Safety Performance
- 21 Employee Initiatives
- 24 Community Initiatives



Environmental

- 28 Environmental Performance

Cover

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.

Inside Cover

Dave Fletcher training Nick Fletcher in quality control at Horotiu Masonry. Holcim Concrete Product blocks are seen as some of the best quality in the market place.

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 40 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 up to 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 Kiwi Point (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.
- 1971** Holcim (then known as Holderbank), a Swiss company, bought 42% 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

Holcim New Zealand has the goal of annually achieving Zero Harm for our employees, contractors, customers and visitors. This goal and the ways adopted to achieve it are publicly supported by the Board and nothing is more important than ensuring all our people return home unhurt from work each day.

Workplace Safety

After a number of years of achieving decreases in workplace injuries, in 2011 the Company experienced the setback of an increase in the rate of Lost Time Injuries and injuries requiring medical treatment. It is not unknown for this to happen when a large company is otherwise progressing well towards its goal of Zero Harm but the Board and Executive Committee are disappointed that a number of staff and contractors were harmed during the year.

There was however a significant reduction in the rate of severity and the Company can also point to many of its plants and sites having now achieved Zero Harm for several years.

Canterbury Earthquakes

The effects of the Canterbury earthquakes during the year were unprecedented. Holcim New Zealand's Lyttelton Depot was only a few kilometres from the epicentre of the lunchtime 22 February 2011 earthquake but thankfully none of our staff were hurt. The head office building in Christchurch was structurally undamaged in the earthquake but the Company closed the office for a week to allow staff to attend to their own issues. Our parent Holcim Ltd immediately provided a generous employee support fund which was augmented by Holcim New Zealand. This was used to employ an Earthquake Support Coordinator to organise and meet the cost of a wide range of support services for staff including counselling, emergency repairs, temporary accommodation and making insurance claims.

This support is ongoing for 2012.

Holcim New Zealand employees from around the country unhesitatingly offered all kinds of practical help including use of their holiday homes to give tired families a break from the continuing aftershocks and their damaged homes. The Company also received supportive messages and offers of help from Holcim people and others around the world.

The dedication of staff immediately after the earthquake was notable. Those at the Lyttelton Depot worked to ensure the continuous supply of cement for urgent repairs in Canterbury, and at Head Office a team

assembled to ensure the basic functions of a national company's head office operated. All this was while they were still dealing with their own family and property issues.

The Canterbury earthquakes have been a very dark cloud which does have some glimmer of a silver lining. The tragedy, heartache and disruption caused to so many through these events can never be forgotten. However from this catastrophe arises the hope of new opportunities and the construction sector is going to be called on heavily to contribute to the rebuild of the "new" Christchurch. This rebuild has started modestly but momentum is gathering and it is likely that construction will gather pace significantly throughout 2012.

Environmental Performance

In the context of the rapidly increasing environmental regulatory and enforcement activity of both Government and local environmental agencies, it is pleasing to report no fines or abatement notices were issued to the Company during the year. This is a good achievement but is only one of eight annual targets in the Environmental Plan. These include strict environmental audits on all sites to not only ensure compliance with all relevant Acts and regulations but to identify any potential environmental issues and put them right before they might cause a problem.

Financial Results

Net sales fell by 0.7% to \$255.85 million, reflecting the slowing of the downturn in the construction sector but the cost of goods, materials and services for the business rose by 2.5%. Despite the Company's ongoing energy conservation measures, the cost of electricity and coal rose by 3.5% to \$27.44 million. With the number of employees stabilising as the rate of the sector downturn eased off, at \$52.9 million wage costs were about those in 2010. Once again there was major pressure on margins which inevitably effected the net profit.

Weston

In light of the uncertainty created by the current global economic environment, further consideration of the Weston Plant Project by Holcim Ltd is now not expected



before late 2012. The Weston project team will continue refining information and work on various elements to ensure the proposal remains in a full state of readiness to be presented to Holcim Ltd. The Company appreciates the ongoing support of staff, the local communities and other stakeholders for the proposal to build a new cement plant at Weston.

The Economy and the Construction Sector

Holcim New Zealand began business in 1888 and 2011 was one of the most difficult in its history. Activity in the construction sector was already at a low level when the year opened and simply did not improve as the year unfolded. Cement consumption has reduced by approximately 25% since the peak of 2007 and Holcim New Zealand is now very much a slimmed down business as a result. Everybody is aware of the need to "do more with less" to help the Company successfully weather this lengthy downturn. Over the past two and half years the Company has implemented a range of cost-cutting measures to protect financial and employment security while being mindful of the need to not compromise customer service, or the ability to respond quickly to the upturn when it arrives.

Notable Projects

After several years of research, planning, kiln trials and consultation with our local community and the West Coast Regional Council, this year marked the full-scale use of spent cell liner (SCL) as an alternative fuel and raw material (AFR) in the kilns at Westport Works.

Holcim New Zealand was fortunate to gain or to continue supplying a number of major infrastructure projects during the year, underlining the foundation for society's future.

Holcim Ltd

Our parent Holcim Ltd was founded in the Swiss village of Holderbank in 1912 with 2012 thus being the company's centennial. Since 1912 the Company has grown to become one of the world's leading suppliers of cement and aggregates, ready-mix concrete and asphalt, now operating in 70 countries. Holcim Ltd has achieved this position with a long history of prudent

management. This meant the Company was always well-positioned to deal with an event like the sudden and onset of the global financial crisis (GFC) in Europe and elsewhere in 2008.

Holcim Ltd's financial results for the year to 31 December 2011 show that cash flow from operating activities remained solid, the balance sheet was strong and retained high liquidity. More cement, aggregates and ready-mix concrete was sold world-wide than in 2010 with a strong improvement overall in the fourth quarter. Total sales of cement were 144 million tonnes, an increase of 5.5%. Although net income was reduced from CHF 775 million to CHF 682 million after taking account of cash-neutral impairments, net financial debt rose by only 1.6% to CHF 11.5 billion. On a positive note, the emerging markets in Asia and Latin America which Holcim Ltd entered or expanded over the past ten years showed solid growth.

Outlook for 2012

Despite the record low level of residential building consents, the continuing strength of our agricultural sector and signs of increasing confidence throughout other sectors provide a healthy base for an optimistic outlook. It is not clear however whether that growth will come in 2012.

Thank You

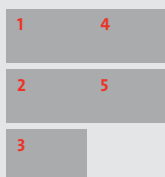
Emerging successfully from yet again another difficult year would not have been possible without a huge, combined effort from everybody in the Company. The Board and Executive Committee sincerely thank everybody for this effort. Thanks are also due to our loyal customers and business partners for their continuing support in these challenging times.

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 the New Zealand Chambers of Commerce and Industry, and a Director of a number of companies and organisations.

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 Holcim Ltd 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 2012

*Holcim National Sales Manager –
Cement, Murray Dickson at
Onehunga Cement Depot.*

Holcim

Economic Sustainability



Operational Highlights

Activity in the construction sector was already at low level when 2011 began and simply did not improve as the year unfolded.

Cement

- Cement sales fell slightly and have been in decline since mid-2008
- Planned kiln shuts at Westport Works again avoided over-production and eased pressure on the national supply chain's storage facilities
- A major addition to the alternative fuels and raw materials (AFR) programme at Westport Works helps fire the kilns and reduce use of raw materials

Concrete

- Sales of concrete by volume steady after two years of steep falls in demand
- Major public sector infrastructure projects and Waikato's rural sector help buoy concrete sales
- Holcim Concrete provides special mixes to a growing number of 5 and 6 Green Star building projects

Aggregates

- Volumes fell, but good demand from the roading sector in Hawke's Bay
- Sales into Auckland for roading were disrupted while the new Auckland City Council found its feet
- Bombay Quarry joins joint venture to recycle concrete into aggregate

Lime

- Sales strong at both McDonald's Lime and Taylor's Lime, driven by exports
- Agricultural lime sales for pasture and dairy conversions buoyant
- High gold price continues demand from gold miners

Financial Result

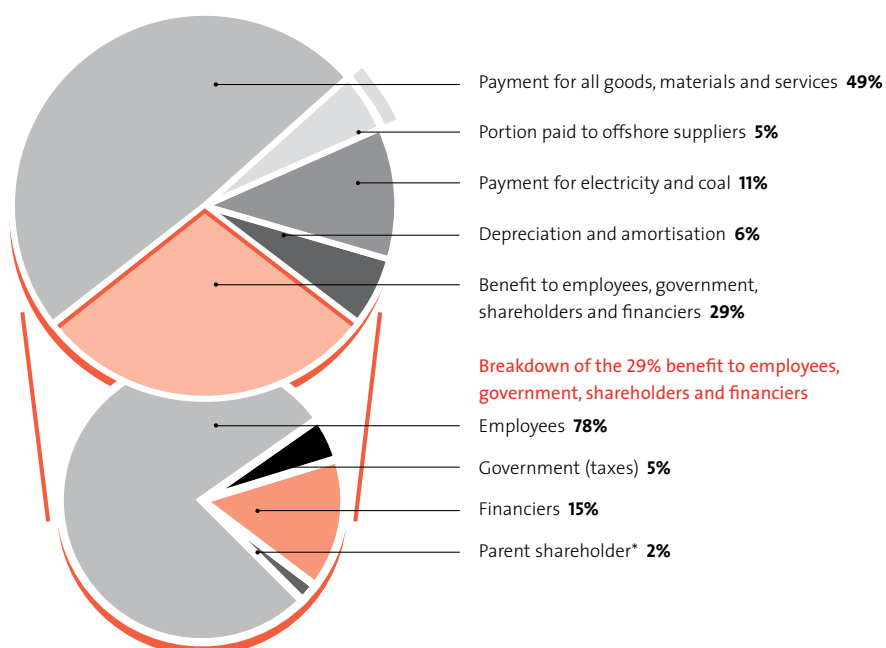
Value Creation

Value created by Holcim New Zealand for our key stakeholders

	2010		2011	
	\$000 Total	Offshore portion	\$000 Total	Offshore portion
Net Sales	257,730		255,859	
Other Income	7,254		5,013	
Total Income	264,984		260,872	
Less				
Payment for goods, materials and services	-138,463		-141,971	
Portion paid to offshore suppliers		-9,406		-13,037
Payment for electricity and coal	-26,515		-27,448	
Depreciation and amortisation	-14,502		-15,365	
Less				
Benefits provided to				
Employees	-52,026		-52,906	
Government (taxes)	-7,896		-3,346	
Parent/Shareholders	-15,400		-1,680	
Financiers	-12,794		-9,882	
Decrease/Increase in total equity	-2,612		8,274	

Distribution

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



Production and Sales



Holcim New Zealand yet again experienced a very tough year as the lengthy downturn in the construction industry continued. Few would have predicted that this downturn would endure for another two years from its commencement in mid-2008 to include 2011.

Holcim Cement sales fell slightly in 2011. Sales of cement are one of the basic economic indicators and have now been falling for four years.

In 2010, the Company protected its financial situation by focussing on debt reduction. We sold surplus land and again paid close attention to reducing costs. This provided a solid foundation for retaining a strong balance sheet in 2011, despite it being another difficult trading year.

At \$206.87 million overall, sales were flat, reflecting the fall in cement sales and the pressure on margins elsewhere in the business. These and other factors again reduced the net profit.

In contrast to cement, Holcim Concrete's volumes were steady, due mainly to business gained through long-established partnerships in Auckland and Waikato. Also of assistance was the start of a number of infrastructure projects initiated by the Government for which Holcim Concrete gained the supply contracts. However, the formation of the new Auckland City Council resulted in a drop in demand while awaiting decisions from the City around new supply contracts.

At Holcim Aggregates, volumes fell, but Hastings Quarry in Hawke's Bay started a significant roading contract and also benefited from a local economy not as affected as other regions. Production at Bombay Quarry, south of Auckland, was affected by delays around the new City organising new supply contracts.

Lime had a good year, with revenue increases in all product lines. A lift in the gold price helped exports to Lihir mine in Papua New Guinea.

Cement

The continued decline in cement sales signalled the ongoing seriousness of the downturn in the construction industry. After consistent falls since mid-2008, the national consumption of cement has fallen by over approximately 25% since the peak of 2007.

Holcim New Zealand began business in 1888 and this is one of the most serious downturns the Company has experienced. Even at this low point, however, the basic cement consumption of our customers in the construction industry is still sustaining Holcim New Zealand's slimmed-down business. When demand returns for cement in response to a resumption of economic growth, it can be expected to grow quickly. Although cost-cutting has been implemented over the past two and a half years, Holcim New Zealand has been careful to ensure this is not at the expense of the Company's ability to respond promptly to increased demand from customers.

The fall in cement sales during the year meant the output of clinker and cement at Westport Works again had to be curtailed at times by way of scheduled individual kiln shuts. These were carried out because the supply chain has limited capacity to store cement and output needs to be closely matched to consumption.

After many years of planning and resource consent-based trialling, Westport Works took a major step in its alternative fuels and raw materials (AFR) programme with the use of spent cell liner (SCL) to help fire the kilns. (See Environmental Report, Page 28.)

Concrete

Although Holcim Concrete experienced another very difficult year, volumes were at least steady after two years of steeply falling demand. The continuation of previously gained infrastructure projects in Auckland and Waikato helped stabilise demand and, in addition, demand from the rural sector in Waikato remained strong.



Holcim Concrete's work in establishing and maintaining strong partnerships with large construction companies based on providing excellent customer service also continued to bear fruit with a number of new projects.

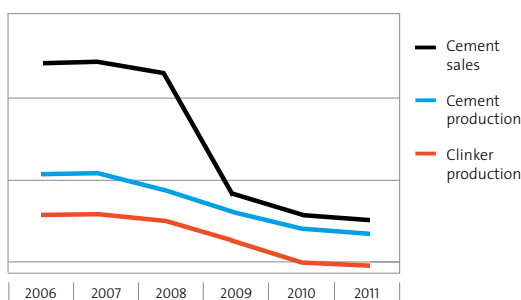
A number of large volume projects were gained with Mainzeal Property and Construction Ltd. These included pouring and placing high-specification concrete for the 23,000 square metre floor-slab in Stage III of the Fisher and Paykel Healthcare manufacturing facility in Auckland. Other valuable Mainzeal projects were the Auckland District Health Board six-level carpark and the Victory Church carpark associated with the Victoria Park Tunnel project. Of special interest was involvement with Mainzeal in the Geyser Building in Parnell. This is New Zealand's first NZ Green Building Council's 6 Star Office Design certified building which requires "green" concrete containing recycled aggregate as part of its rating.

The Government's announcement in 2008 that it would finance major new infrastructure works was welcomed by the construction industry, although tempered with the knowledge the projects would need a lead time to get underway. By this year, Holcim Concrete was fully engaged on three such major projects. Probably the most challenging was making and delivering the concrete for the bases of the pylons supporting the 186 kilometre, 400 kV transmission line from Whakamaru to South Auckland. Most of the pylon sites are in places concrete trucks would never normally go.

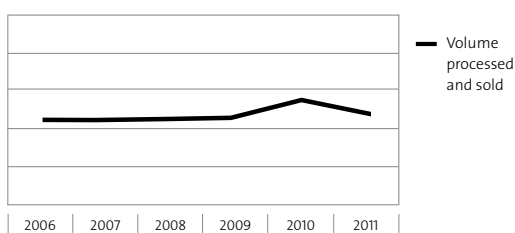
Concrete trucks were placed on flat-bed railway wagons to allow site access to create the piles for Auckland's rail electrification project, which is being managed by Hawkins Construction Ltd. All the work was done at night when the trains were not running.

In March 2010, the New Zealand Transport Authority awarded Fulton Hogan Ltd a large motorway contract for 1.6 kilometres of widening on an existing road at Te Rapa, a new 5.6 kilometre section of the road, three new interchanges and three additional bridges. During 2011, Holcim Concrete continued to provide large volumes for both the in situ and pre-cast interchange structures.

Holcim Cement volumes

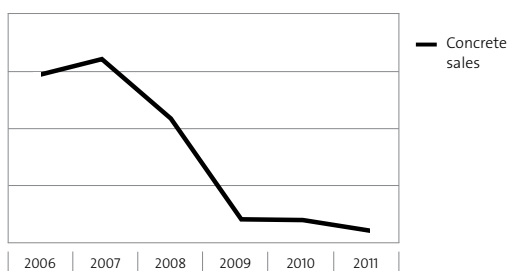


Holcim Aggregates volumes

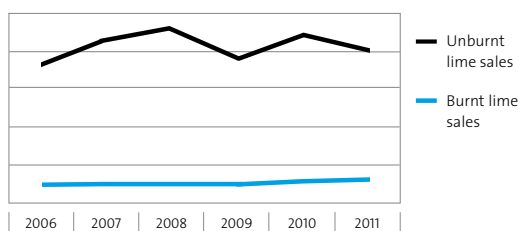


Note: This does not include sales from Atlas Resources (25% owned).

Holcim Concrete volumes



Lime volumes





Remote sites, where concrete trucks could not gain access, meant helicopters were needed to deliver concrete for the 400kV transmission line pylons stretching from Whakamaru to South Auckland.

Aggregates

Holcim Aggregates had a challenging year with volumes decreasing compared with 2010. Hastings Quarry in Hawke's Bay had a steady year mainly as a result of supplying chip aggregate to road resealing and maintenance projects managed by Downer EDi Works. In addition, supply to both the residential and non-residential sectors held up reasonably well.

Elsewhere however, market conditions were once again tough. Bombay Quarry had a good start to the year, but sales dropped away in the second half because of delays in contract tendering while the new Auckland City Council found its feet. Bombay Quarry is in the process of transferring extraction from the existing quarry to the neighbouring Jones Block. Last year, stripping to reveal the resource was underway, and in 2011 about 25% of Bombay's output was coming from the new area. By the end of 2012, the transfer will be complete.

During the year Bombay entered into a supply agreement with Green Vision Recycling Ltd. This is a joint venture between John Fillmore Contracting Ltd, Hiway Stabilizers (part of Hiway Group Ltd) and Downer EDi (Downer New Zealand Ltd). This work commenced in the latter part of 2011.

Millbrook Quarry at Wellsford (a joint venture with Wharehine Group Ltd) experienced a major drop in demand from the mainly smaller contractors it supplies. The contractors are seriously affected by the downturn in the residential and commercial sectors.

Lime

Holcim New Zealand's lime interests are held in McDonald's Lime Ltd at Otorohanga (72% owned) and Taylor's Lime at Dunback in Otago. The Lime division experienced steady sales growth during the year.

Each company has a good export base: McDonald's provides bulk lime in containers to the Lihir and Morobi gold mine operations in Papua New Guinea while Taylor's has major customers in Fiji Sugar. Lime is used in refining gold and Taylor's also supplies locally to OceanaGold's operation at Macraes.



Lime is important in agriculture and both McDonald's and Taylor's experienced steady revenue growth in agricultural lime for pasture and fine lime. Another use is in purifying water and sales of hydrated lime to water treatment plants grew. NZ Steel Ltd (which owns 28% of McDonald's Lime) is also a major customer.

Fiji

In Fiji, Holcim New Zealand has interests in cement producer Fiji Industries Ltd (24%) and concrete company Basic Industries Ltd (49%). Exports have continued at good levels, with infrastructure and general construction work being carried out in many South Pacific countries.

Holcim New Zealand maintains close ties with both companies and has provided help with health and safety, staff training and operational issues.

Distribution



Holcim Cement

The Canterbury earthquake of 22 February 2011 tested the integrity of Holcim Cement's national supply and distribution system to the utmost. The earthquake and its immediate aftershocks resulted in one of the most destructive and most costly seismic events ever experienced by a modern city and its population.

The epicentre of the shallow 6.3 magnitude earthquake was less than five kilometres from the Lyttelton Depot at the Port of Lyttelton, but miraculously none of our staff were injured from the depot, and the depot was not seriously damaged.

After ensuring people and then property were safe, the next priority of the Supply and Distribution team was establishing a contingency cement supply into the Christchurch market. This was attended to by team members, without hesitation, who in some cases had lost friends, relatives or homes to the earthquakes.

Because the cement supply from Westport Works to all parts of the country must remain secure in all situations, Holcim Cement's contingency plans were in place to help re-route and re-jig deliveries of both bulk and bagged cement. Customers south of Christchurch were serviced from Dunedin Depot, bagged cement supply for Christchurch was sourced from Nelson and Dunedin, and bulk cement for the Sockburn silos was railed from Westport and trucked from Dunedin.

The mv Westport had been in dry dock at Lyttelton during January but was back alongside a lay-berth at Lyttelton with the repair work from the dry dock and layover still going on when the earthquake struck. All maintenance work was halted meaning a delay in returning to her ports delivery schedule, but mv Milburn Carrier II was able to keep supplies flowing in the interim.

Berthing the ships at Lyttelton was suspended for a time due to the condition of the wharf, until berth operating procedures were put in place with conditions and restrictions. These ended in October when new mooring bollards were installed.

Bar conditions at Port of Westport were better than average for Holcim New Zealand's ships, and weather

conditions at the bars of both ports of Westport and Onehunga were relatively normal. These conditions, combined with lower sales volumes, allowed supply to be maintained by sea with little requirement for backup by road transport between Westport to the Port of Nelson.

Mv Westport was in dry dock as the result of a decision to undertake regular maintenance needed to keep her in service. The ship's age means the interval between dry docking for maintenance is two years. Holcim New Zealand is examining a number of shipping options for replacing this ship.

Holcim Cement's national distribution system handled the lowest tonnages for many years, reflecting the major downturn in the construction industry. Because the system has limited storage capacity, Westport Works continued its practice of planned individual kiln shuts to reduce production and avoid backups.

Road

With a fleet of about 40 road tankers in its white livery and Holcim logo, Holcim Cement is a significant and highly visible heavy transport operator. The focus remained on achieving cost efficiencies while further enhancing safety performance. This involved the continuation of the annual driver training programme, a new combined logbook and pre-start check system and the introduction of national safety standards and a new driver handbook.

Holcim Concrete

A welcome number of large infrastructure projects helped sustain Holcim Concrete in an extremely difficult year, but with some of them came a number of distribution challenges. Wind turbine and electricity pylon bases are largely located off the beaten track, and getting concrete trucks to them for pouring raises a number of safety issues that first need addressing.

Some of the more conventional infrastructure projects are sizeable. Holcim Concrete is supplying the concrete for the bridges, overpass and other sites associated with the \$169 million Te Rapa bypass. By the time this project is completed, Holcim Concrete's trucks will have made 1500 truck deliveries involving 6000 cubic metres of concrete.

Significant Projects

In tough times, the value of long-standing commercial partnerships forged in mutual trust over the years is realised. For Holcim New Zealand, being trusted to consistently make, deliver and place quality product on time is the foundation of many partnerships that continue to gain projects, large and small.

A 49 tonne prefabricated deck panel for the Browns Road bridge in Manurewa, Auckland about to leave Stahlton Engineered Concrete in Hamilton.



Rail Electrification Project – Auckland

This infrastructure project is one of the country's largest for many years and is continually posing challenges for those helping to complete it. For instance, a total of 24 bridges on the network must be rebuilt or replaced to provide enough clearance under the new overhead lines.

One of the bridges – the Browns Road Bridge in Manurewa – was always going to be a difficult proposition when the only working time available over the very busy road was between late December 2010 and February 2011. In addition, the railway line could be out of action for just three weeks through to 16 January. To reduce construction time on site, engineers Opus decided to have the bridge built in kitset form and trucked into place. Although an excellent time-saving solution, this made for a very intricate concrete job which was entrusted to Stahlton Engineered Concrete of Hamilton, who in turn involved Holcim Concrete. The job started with making a full-size mould of the bridge deck that was divided into ten individual deck units for pouring. With each of the ten deck units weighing 49 tonnes, the job required 490 tonnes of concrete.

As part of the specialised design, a total of 1100 grout sleeves were cast into the bridge sections during the pour. This enabled the concrete deck units to be joined together later, by way of galvanised steel reinforcing rods. The difficulty with each of the 1100 grout sleeves was preventing the rods from floating to the surface in

the self-compacting concrete, which has a high liquid content.

Holcim Concrete also delivered concrete to the bridge site for three pours of the bridge's pile caps, which join the support piles together for the bridge supports. This was then followed by pours for 13 wall panels, each taking between 27 to 45 tonnes of concrete.

All the components were assembled at Stahlton's premises in Hamilton and transported to the Manurewa bridge site without a hitch and within the timeframe, much to the satisfaction of Jeff Collins, the business development manager at Stahlton Engineered Concrete.

Elsewhere on the rail electrification project, work can start only in the late evening when the trains have finished running. This is when Holcim Concrete trucks use a special siding to drive onto a flatbed rail wagon. This is taken along the tracks to pour concrete for piles and sleepers. Holcim Concrete drivers are getting used to such unusual transport – in 2010 trucks were taken on to Lake Karapiro by barge for an underwater pour.

Recycled Glass as Aggregate

Holcim Aggregates' Kiwi Point Quarry played a key role in achieving the commercial production of concrete that contains recycled glass as aggregate. The first major use of the "green concrete" was in three construction projects at Wellington schools.

In 2008 Holcim Concrete, in partnership with Mainzeal, won the inaugural Concrete3 Sustainability Award for the development and use of recycled glass as aggregate. The glass aggregate was added to the concrete for Lion Nathan's brewhouse in East Tamaki as a virtual "one-off" and was the first large-scale use of recycled glass in New Zealand. Using glass in this way is an attractive proposition because it is environmentally friendly in using a recycled product and displaces quarried aggregate. But for all that, putting glass into the concrete mix is problematical because of the chemical properties of glass. It had taken 12 months of lab research and testing by Holcim Concrete in Auckland to arrive at the stage where the concrete could be certified for the 2008 brewhouse project.



At that stage glass aggregate concrete was not really a commercial proposition. Now, however, customers who are able to specify glass aggregate concrete in their projects stand to benefit under the Green Building Council's Green Star system. This has created demand among environmentally-conscious building owners and is creating a major market opportunity for Holcim Aggregates.

Arriving at the point of commercial production of concrete containing glass aggregate was achieved after successful trials during the year at Kiwi Point Quarry, in association with AML (50% owned).

As revealed in the early limited-volume trials, for commercial use the recycled glass requires crushing to resemble the consistency of sand. This is achieved using the quarry's normal crushing plants, so no new plant is needed. Customers who also specify Kiwi Point's recycled aggregate in their concrete stand to gain the extra benefit under the Green Building Council's Green Star system.

Filling the Void

During the year, Westport Works and coal miner Solid Energy initiated the first substantial example in New Zealand of what is known as industrial ecology. This is the process of discovering what waste from one industrial process can be a resource for another and is based on one of the operating principles of the natural biosphere.

Usually it is Westport Works that is on the look-out for other industries' waste streams to tap into for the Works' AFR programme (see page 29). But it was a waste stream from Westport Works itself that recently attracted the attention of Solid Energy Ltd, a long-time supplier of coal to Holcim.

Solid Energy needed to backfill the large voids resulting from historic underground coal mining at its Millerton Mine on the Stockton Plateau, where open cast mining was proposed. The voids needed filling to enable safe open-cast work on the ground above. Knowing that a solution might lie with Westport Works, Solid Energy contacted the Works about the cement plant's principal waste stream, cement kiln dust or CKD. (CKD is alkaline and a small amount had previously been used by Solid Energy to neutralise acidic drainage).

CKD is the fine-grained dust captured from the cement kilns' exhaust gases by the emission control system that stops the dust emerging from the stack. Although CKD can be recycled through the kilns, eventually it must be collected for other recycling, or landfilling.

Filling large voids in a coal mine needs a thick, relatively inexpensive slurry that can be pumped into place through boreholes. The slurry then sets with low but sufficient strength. Four ingredients comprise the slurry, CKD, water, sand - and cement. So going with the CKD is

Before recycled glass can be used as an aggregate in concrete production, recovered glass is stockpiled prior to crushing.



Solid Energy's mobile mixing and processing plant, known as 'Big Yellow' is track mounted and pumps the slurry into boreholes filling the large voids from historic coal mining.



equivalent to about 5000 tonnes of Ultracem cement a year. Westport Works produces about 30,000 tonnes of CKD a year. This example of industrial ecology will provide significant savings for both companies.

Power Poles under Stress

Power poles carrying overhead lines rarely get a second glance but even so, most people will have realised the wooden power pole is being phased out in favour of concrete poles. Concrete power poles don't rot or warp, are much stronger than wooden poles and can be guaranteed to meet specifications.

Many of the concrete power poles you see are made by Holcim New Zealand customer Busck Prestressed Concrete Ltd which is based in Whangarei, with four other plants around New Zealand. Busck Prestressed was founded in 1946 and is one of Holcim Cement's longest-standing customers.

Like any concrete product required to support a heavy load, power poles are manufactured to strict specifications to ensure they will also stand up to sudden loads imposed by high winds or seismic activity. Busck Prestressed goes as far as load-testing random samples of power poles from its ten-strong range right through to destruction on a special rig.

The customers for the annual production of about 12,000 concrete power poles are about 18 lines companies involved in either new or replacement infrastructure. This is a valuable market when commercial construction is at a low ebb.

Power poles are not Busck's only concrete product; the company's product range is testament to the diversity of concrete's role in a modern economy. The company builds everything from large scale componentry for large construction companies, through to concrete products for the home, farm and landscaping. Concrete railway sleepers are also produced and some are exported to Australia.

A practical method of making prestressed concrete was developed only 17 years before Busck Prestressed began business. Before concrete is poured into a mould, strong wires are set up in the mould and then tightened from outside the box. After the concrete is cured and set, the wires are untightened, imparting great strength to the concrete.

The principle employed in this type of design is that the internal stresses generated by given external loading are counteracted to a desired degree by the application of prestressing forces. This takes advantage of the relatively high compressive strength of concrete.

Tane Agencies

Another long-standing partnership with Holcim New Zealand has been going strong for 45 years. In 1967 Gary Holt's Tane Agencies Ltd bought bagged cement from the then Milburn NZ for an infrastructure project in American Samoa. As Tane Agencies expanded its business throughout the Pacific, Gary Holt has stayed with his original Auckland cement supplier. Today, he ships container loads of palletised bagged cement all over the Pacific. "There's never been a single foul up," says Gary Holt. "This is a relationship based on mutual trust and loyalty."

In February, an Open Day was held for customers at Oparure Quarry. The programme included a ground and aerial display and quarry blast.

Social Sustainability



Social Sustainability

Corporate social responsibility continues to be a cornerstone of Holcim's commitment to sustainable development. Working as partners with our stakeholders, building and maintaining relationships of mutual respect and trust is integral to our business strategy.

We aim to build the capacity of people and organisations through investment and engagement, adding our expertise and our support to build community capability. Areas we support include education, building infrastructure and sustainable community development. Our social sustainability programme focuses on the health, wellbeing and safety of our employees and

meaningful engagement with our key communities, areas of operation at the heart of our business strategy because they add value and contribute to business success.

Consultation with our key communities has been formalised through community liaison groups and Community Support Programme committees.

Safety Initiatives



The Company's **Zero Harm-Safety First Programme** was initiated in 2004, and has invested significant resources in training employees and instilling in them that the first step to injury prevention remains the responsibility of individual employees, contractors and visitors.

An unacceptable increase in Lost Time Injuries (LTI) in 2011 led to an increased focus on individual safety behaviours, while a strong line continued to be taken with those employees and contractors putting themselves and others at risk. While we recognise it can take a long time to change a company's culture, it remains disappointing that our progress towards achieving Zero Harm took a backwards step. We acknowledged that our fundamental 'Take 2', hazard management process needed reinvigoration and this led to the implementation of the 'Tools for Take 2' programme.

Staff reflect on their leadership goals during a Safety Leadership Course.



Tools for Take 2

Introduced in October in response to the increase in injuries, this initiative was given priority. 'Tools for Take 2' provided training for all staff in five key behaviours that when applied will help prevent injuries. An assessment of injuries in 2010 showed that two of these behaviours (Eye on Hands and Eyes on Path) may have prevented over 60% of our injuries, with the three other behaviours preventing the remainder.

Following on from the 'Take 2 to do it right' initiative, which encourages staff to stop and think for two

minutes about the potential for harm before attempting an activity, 'Tools

for Take 2' comprise five key safety actions people can take. The five tools are:

Eyes on Hands - are your eyes on your hands and hand operated equipment so as to avoid pinching, crushing, cutting, splashing, or burning.

Eyes on Path - are you observing and assessing the surface and clearances so as to avoid slipping, tripping or colliding.

Access Area - are you continually assessing the area for hazards and suitable access.

Line of Fire - are you positioned so that you avoid being struck or overcome by fumes, spray, falling objects, bitten or run over.

Body limits - are you fit for the task, stable and using correct levels of effort and manual handling techniques.

Safety Leadership Programme

Encouraging leadership in safety plays an important role in changing behaviours and developing a

safety-focused culture among staff. During 2011, 33 managers and leaders completed the second training module of their Safety Leadership Programme. A further 13 embarked on the two-module programme due for completion in 2012.

The programme provides participants with the tools to become more effective in leading safety conversations





with colleagues and aims to nurture the safety behaviours of those performing well while helping to change and overcome unsatisfactory behaviours. In between the two modules, leaders carry out projects in the workplace and review progress with their managers.

Safety Tours

Essential in reinforcing positive behaviours and correcting behaviours with the potential to cause harm, Safety Tours have been at the core of the Company's goal of Zero Harm since its initiation. Carried out at all Holcim New Zealand sites to identify and rectify existing or potential unsafe acts or situations, Safety Tours remain an effective and proactive tool to stimulate discussion and corrective action among all staff.

In 2011, 6597 Safety Tours were conducted across all sites compared with 6746 the year before. The number of tours has remained relatively steady in the past three years, reflecting a continuing high level of involvement. Work commenced during the year on injecting greater focus on Safety Tours in some of the higher risk areas where people's approach to safety has continued to result in injuries.

Safety Alerts

A three-level health and safety communication system, Safety Alerts have proved effective in passing on lessons learned from incidents within the Holcim Group and across the industry. Introduced three years ago, the system encourages staff to share information ranging from a high risk alert (displayed on noticeboards and on the intranet with a red border), a change to standards, procedures or rules (blue border) or general awareness (green border).

As well as using the online Safety Alerts link, employees can also contribute to Safety Alerts through the Health and Safety Alerts and Good Ideas database.

Fatality Prevention Elements (FPE)

Thirteen FPE have been developed by Holcim Ltd to control high risk activities with a potential to cause serious harm. The Company continued to work through the implementation of these.

By the end of 2011, the Company had reviewed, developed and implemented management processes for Confined Space Entry, Equipment Lockout, Prevention of Falls,

Hot Work, Lifting and Supporting Loads, Electrical Safety Machine Guarding, Rail Safety and Digging and Excavation. Work commenced towards the end of the year on implementing the Working near Water and Vehicle and Traffic FPE. A further two FPE are to be implemented in 2012. They are Exposure to Hot Surfaces and Gases, and Stability of Quarry Slopes and Stockpiles. Audits were commenced during the year on three FPE Electrical Safety, Machine Guarding and Lifting and Supporting Loads. These will be completed in 2012.

Contractor Management

Much was done during 2011 to achieve more control of contractor behaviour onsite, so it was unfortunate that three contractors experienced LTIs during the year. The management of contractors working at Holcim New Zealand sites remains an area of focus. Reviews of contractor performance were carried out and a strong line was taken with those contracting companies whose employees exhibited unsatisfactory safety behaviours.

Actions Employees Can Take (AECT)

Integral to the Company's progress towards achieving Zero Harm, this behavioural management programme is provided to all new employees and encourages them to take responsibility for their own and their colleagues' behaviour. Planning commenced during the year to incorporate Tools for Take 2 into the programme.

Job Hazard Analysis

A safety documentation process introduced four years ago, Job Hazard Analysis (JHA) ensures safety processes and procedures are always thoroughly documented, and it has become ingrained in the Company's culture.

During 2011, the 'JHA Decision Tree' was simplified to assist employees and contractors in determining when a JHA was required. The flow chart was communicated to employees during the year and feedback was favourable.

Incident Investigation

Detailed analysis of safety incidents plays a major part in preventing similar occurrences. During the year, 23 high-level investigations were carried out by the Company's 13 Incident Causation Analysis Method (ICAM) investigators. Three of these investigations involved injuries with the remaining 20 involving incidents where there was the potential for harm to occur.

Safety Performance



A continued focus on the goal of achieving Zero Harm to our employees, contractors, customers and visitors which to date has seen a gradual decrease in injuries, was not able to prevent an increase in the rate of LTI in 2011. This was very disappointing. Of some consolation though, was the significant reduction in the severity of injuries, with the severity rate the lowest recorded, reflecting a drop in the seriousness of the injuries received as well as the improved rehabilitation of employees off work due to an injury.

Five Holcim employees and three contractors experienced LTIs during the year, compared with four employees and two contractors recording an LTI the year before.

Twelve Holcim New Zealand sites had an impressive record of Zero Harm (no LTIs, MTIs and FAIs) during the year, operating at a highly advanced level of safety awareness, and they are to be congratulated. The remaining sites are being encouraged to emulate them as our continuing efforts on health and safety management aim to see this record extended across all sites.

Injuries requiring medical treatment were a similar number to last year – 19 compared with 20 in 2010.

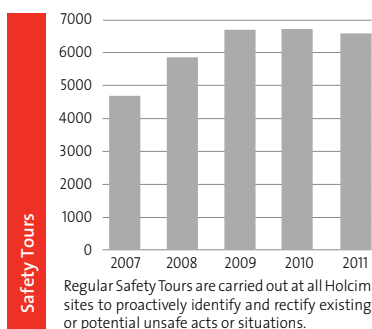
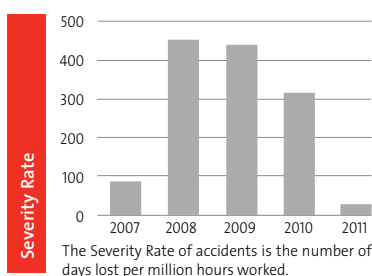
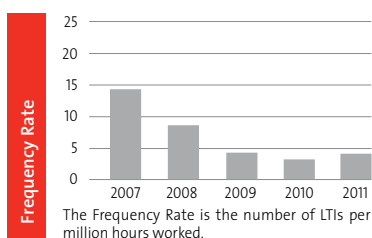
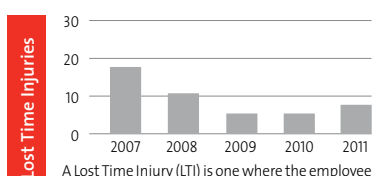
During 2011, 55% of our LTIs and MTIs were the result of sprain and strain-type injuries. Efforts continued to alert employees to the need for behaviour change through the Move at Work programme and, later in the year, through the 'Tools for Take 2' initiative.

ACC Partnership Programme

Holcim New Zealand retained its tertiary level status for the fourth year in a row after ACC's September audit of the McDonald's Lime Plant and Oparure Quarry.

The audit covered injury prevention and management, the quality and effectiveness of safety systems in place, and attendance by employees and managers at focus groups where the auditors measured their understanding of health and safety and of the ACC Partnership Programme.

Being accepted at the tertiary level allows the Company to take on ACC's role of administering, remunerating and rehabilitating employees injured at work.



Employee Initiatives



With the economy remaining flat, close control was maintained on staffing levels during 2011 and recruitment focused on replacement rather than new roles.



Employee Earthquake Assistance

The impact on Christchurch and Lyttelton-based staff from the Canterbury earthquakes was significant, especially after the February 2011 earthquake. Holcim Head Office was closed for a week after the February quake to allow staff time to resolve accommodation and other issues and, with no damage to the building, business was resumed relatively quickly. Staff were able to work flexible hours and take additional leave if required to deal with immediate accommodation and family issues.

With the backing of a generous support fund from our parent company Holcim Ltd and funds from our community support programme, we were able to provide staff the assistance they needed with emergency repairs, finding temporary accommodation, making claims, and support services.

Gender

	2007	2008	2009	2010	2011
All Employees					
Female	13%	14%	13%	14%	15%
Male	87%	86%	87%	86%	85%
Management Positions					
Female	12.5%	15%	13%	12%	14%
Male	87.5%	85%	87%	88%	86%

Turnover

	2007	2008	2009	2010	2011
Resignations	83	107	41	73	69
Retirements	11	4	5	3	3
Death in service	0	1	1	0	0
Redundancies	3	5	20	4	5
Dismissals	5	6	6	3	7
Average number staff	554	539	512	496	499
Voluntary turnover	15.5%	16.1%	6.6%	8.9%	12.0%
Total turnover	18.3%	18.4%	11.9%	12.9%	14.4%

Note: Some previous years' turnover figures have been adjusted to enable accurate comparison with 2011 when the basis of measurement was improved.

Age of Employees

Age Band	2007	2008	2009	2010	2011
15 – 29 years	11%	11%	9%	9%	9%
30 – 49 years	45%	45%	43%	42%	41%
50 – 60 years	32%	25%	29%	30%	32%
60 years plus	11%	17%	17%	17%	16%
Age unknown	2%	1%	2%	2%	2%

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

To bolster spirits after the Canterbury earthquake in February, Christchurch staff enjoyed a lunchtime sausage sizzle on the lawn in front of Head Office.



Staff from Head Office took up an invitation to tour the mv Westport while it was in Lyttelton for a scheduled dry dock and repair layover.



An Earthquake Support Coordinator was employed for six months to assist staff with insurance and EQC claims and issues, helping to source structural engineers, builders and temporary accommodation and pay for temporary emergency repairs. The coordinator also kept other staff informed on earthquake-related topics through weekly newsletters and assisted with administering the Holcim Earthquake Support Fund.

An expert in resilience training provided workshops for both staff and their partners and staff were encouraged to take advantage of free counselling and assistance offered through the Employee Assistance Programme as the ongoing aftershocks and uncertainty continued to impact everyone.

A positive outcome was the affirmation of the Holcim sense of community, where employees from around the country offered Christchurch staff and their families the opportunity to stay with them or in their own holiday accommodation to get away from the aftershocks, or to take a break from damaged homes. At the same time, other Holcim staff from around Canterbury who had been comparatively unaffected by the February earthquake, provided their colleagues with water and other essential supplies.

Of particular note was the dedication of staff at the Lyttelton Depot who, despite having damaged homes and significant personal disruption, ensured that the supply of cement into Canterbury was maintained for urgent repairs.

The Managing Director and members of the Management team visited most Holcim sites during the year to meet with staff and answer questions.

Staff Development

Core staff development and training programmes were retained during the year. Economic restraint continued, but there was slightly more participation than the previous two years in Holcim Group training programmes and conferences in the Asia-Pacific region, and in other countries.

Dialogue, the use of formal and informal channels for employees to talk with their manager about how they are performing and about their training and development needs, was completed in 2011 and is now embedded in the organisation.

Employee Survey

The results of the 2010 survey of all Holcim New Zealand employees were communicated to staff in 2011. The survey was a repeat of the 2007 benchmark employee survey. Conducted online and also paper-based, the surveys provided staff with the opportunity to comment on their work experience, teamwork, customer relations, building a measure of how well the Holcim Values of *Strength. Performance. Passion.* have been embedded in the Company culture.

Overall, staff reported a higher level of engagement and a better understanding of, and active participation, in the Holcim Values than in 2007. Health and Safety was seen by employees as a real strength and there was widespread belief that Holcim New Zealand had a positive reputation with customers and the community. Staff also reported they experienced job satisfaction and enjoyed the challenges of working with Holcim.

The survey identified opportunities to improve the visibility of career opportunities among existing staff, improve feedback and recognition processes, and enhance cooperation among departments.

During the year, a number of employee workshops were run throughout the country on the survey results, and the outputs from these will feed into staff development and other human resources programmes in the next two years.



Left hand photo: Graham Collinswood (left, seconded from Head Office in Christchurch), and Chris Hayward, work together as part of the trans-Tasman Project Wattlebird team.

Right hand photo: Project Wattlebird Office in Milton, Brisbane.

Project Wattlebird

Commenced in 2010 and accelerated during 2011, Project Wattlebird has established a trans-Tasman team to improve the efficiency of business processes across Holcim-owned companies in Australia and New Zealand.

Seven Holcim New Zealand staff were seconded to the Australian-based systems-change project, resulting in the need to find replacements for their positions in New Zealand. At the same time, a large number of New Zealand staff have been engaged in the project.

By the time Project Wattlebird is completed in 2012, it will deliver hardware and software systems to support IT infrastructure for Holcim companies on both sides of the Tasman that will underpin all business systems, including SAP. These new systems will be managed by Holcim Oceania Shared Services (HOSS), involving staff in both countries.

Knowledge Management

Initiated in 2010, Knowledge Management is aimed at improving the storage, access and ability to share knowledge across all Holcim New Zealand sites for better decision-making. Objectives include the promotion of an information-sharing culture, the ability to have access to relevant information and lessons learned, and the sustainability of a knowledge management culture.

Systems have been put in place to monitor progress and continually improve the way we manage information. Representatives from all areas and divisions across the company continue to meet regularly to ensure the key objectives are achieved and maintained.

Holcim iShare

Easy access to Holcim group-wide knowledge has moved a step closer in an easy-to-use, Google-like electronic platform called Holcim iShare. Accessed on the Holcim intranet, iShare enables staff to share ideas and experiences and learn how other sites and group companies have handled a particular project. Instead of 'reinventing the wheel', Holcim companies can learn best practice from each other and share experiences to enable faster learning and better use of resources.

Leadership Development

To foster the development of leadership skills and attributes among staff, Holcim continued with its Management/Leadership Strategy developed the year prior. The strategy provides the framework for people development initiatives and combines various existing workstreams and processes to identify leadership potential, and to enhance the performance of those already in a management role.

Value Creation in a Competitive Environment

Holcim Ltd fosters compliance with competition laws in all the countries in which it operates. To ensure staff and management understand and follow these laws, Holcim New Zealand continued to ensure employees followed the regular training programme used by the Holcim Group worldwide. In a small market such as New Zealand it is very important all employees know how to conform with all competition laws.

Community Initiatives



Holcim 2011 Scholarship winners, from left to right: Ben Reynolds, Westport; Julia Moloney, Westport; Thomas Morrison, Bombay; Riley Willis, Kiwi Point.

With more than 40 sites throughout New Zealand, Holcim needs to ensure it impacts positively on each of those communities and is a responsible and good neighbour.

Sustainable operations at our sites and community involvement and support are ways we can ensure this happens. In each key community, Holcim partners with local stakeholders to improve educational, social and cultural development.

Nationwide corporate sponsorships are supplemented at key sites by Holcim Community Support Committees, which consider applications from local organisations. Newspaper advertisements are placed to encourage communities to apply in our three focus areas of corporate social responsibility – education, initiatives that help communities help themselves, and community infrastructure – categories which are a focus of Holcim Group companies worldwide. The Community Support Committees, at Westport, Bombay and Hastings are made up of community representatives, Holcim management and staff.

Tertiary Scholarships

Scholarships were offered in 2011 at Westport, Bombay and Kiwi Point, the latter being a new scholarship in recognition of the significance of the site to the Company. Scholars previously appointed in Hastings, Westport and Bombay will continue to receive funding and holiday work for the term of their tertiary studies. 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 studies are relevant to our industry. The scholarship programme has been running for over 25 years.

Winners of the 2011 scholarships were:

Westport: Ben Reynolds, who will be studying for a Bachelor of Engineering – Honours (majoring in Chemical and Process Engineering) at the University of Canterbury.



A work scholarship has been awarded to Julia Moloney, studying for a Bachelor of Applied Science (majoring in Environmental Management) at the University of Otago.

Bombay: Thomas Morrison, studying for a Bachelor of Science (majoring in Geology) at the University of Auckland.

Kiwi Point: Riley Willis, studying for a Building Science degree at Victoria University.

Community Liaison

To encourage community feedback, Holcim runs community liaison meetings in three key regions in which we operate. The meetings provide locals with an opportunity to discuss community needs and issues and learn about activities Holcim has planned for the area.

In Westport and Bombay, a formal Community Liaison Group meets regularly, while at Hastings Quarry the outreach is through a more informal community liaison network.

McDonald's Lime extended an invitation to its customers to attend an open day at the Oparure Quarry earlier in the year.

Earthquake Support

On the first night after the February quake, the mv Westport was in Lyttelton and was able to provide accommodation on board for members of the public stranded in the port and for Lyttelton locals whose homes were wrecked. In subsequent days, mv Westport also provided meals, showers and accommodation for a number of Holcim shipping staff based there and in other badly damaged suburbs.



Holcim IT staff were able to set up a temporary server and provide computers, office equipment and expertise to get a local company back on its feet in a couple of days, and provide ongoing support until their own equipment became available.

Holcim responded quickly to local needs by establishing the Holcim Earthquake Support Fund.

As well as supporting Christchurch and Lyttelton staff, the fund is being used to help a number of community groups and people-focused organisations whose ability to offer services to local people was severely impacted by the earthquakes. Staff have been able to nominate those groups they felt merited assistance to help local families and communities achieve a sense of normality through, for example, the continuation of sporting pursuits.

Some of the projects and groups to receive assistance included:

Canterbury Hockey: Assistance was granted to Canterbury Hockey to help junior representative teams attend the recent national hockey tournaments, which resulted in them winning both the Boys Under 15 and the Girls Under 15 Premier titles.

Shirley Tennis Club: Repairs to the club's badly damaged courts can proceed with support from Holcim New Zealand and others, after the club land was declared 'green', meaning it is suitable for rebuild.

Mt Pleasant Netball Club: Funding provided the netball club with two sets of uniforms in order to keep up with the demand from interested players. The hill suburb of Mt Pleasant was badly affected by the earthquakes.

Heathcote Valley Playcentre: Located at the foot of the hills, Heathcote was also badly affected by the earthquakes and the playcentre remained red-stickered. Holcim provided funding for a new oven to allow baking activities to continue at its new shared premises.

Canterbury Repertory Theatre lost its historic premises and Earthquake Support provided funding to help stage its March 2012 production in temporary premises.

"Greening the Rubble" was assisted to establish temporary public gardens on sites cleared as a result of the earthquakes.

Earthquake Support funding came from Holcim New Zealand's Community Support Programme as well as generous assistance from Holcim Ltd. It is administered by the Support Programme and its corporate committee. The intention is that the fund will be fully allocated by the end of 2012.

Westport

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

Holcim made the final payment towards its five-year \$250,000 sponsorship of Westport's McDonald Park sports and events centre and the Company presented a further Buller High School Science Foundation Award.

Over 20 other Buller community organisations, ranging from sporting, cultural and educational groups, benefited from sponsorships allocated by the Holcim Community Support Committee based at Westport Works.

Competition, coaching, travel costs and uniforms were common themes among the sports groups receiving support, including Granity Judo Club, Westport Brass Band, Dancing Students Concourse, Buller Basketball, Buller Cricket and Buller Hockey.

A student from Buller High School was funded on a ten-day voyage on the Spirit of Adventure, while the school's girls' hockey team was funded to visit the Tamaki Maori Village in Rotorua during their trip to Taupo for tournament week.

Westport Girl Guides received support, and laptops were provided for Potikohua Trust's community house and programmes and Buller Adult Learning Services.

Professional development at Buller Westland Playcentre, playgroups at St John's Church, a replacement shade sail at Granity-Ngakawau Playcentre, and an all-weather outdoor play area at Westport Early Learning Centre were among other initiatives sponsored.

Westport staff took part in a beach clean-up, collecting 4.2 tonnes of rubbish from North Beach. They were assisted by staff from Westpac and the Department of Conservation as well as two classes of school children



to bring the total amount of rubbish collected to 6.3 tonnes.

Staff and some customers were well represented in the Buller Marathon and children's mini-marathon, which Holcim continued to support in 2011.

Bombay

Infants and young children were among those to benefit from a range of sponsorships approved by the Bombay Community Support Committee in response to applications received from the local community.

St Stephen's Avenue Playgroup in Tuakau was funded for resources and equipment; funding for knitting wool was provided to the Franklin Women's Club Knitting Grannies Group; Bellyful Franklin received assistance to provide help and meals for new mothers in need; and at Bucklands Primary School, funds went towards costs of the local Agricultural Day and other school activities.

Holcim sponsorship was also confirmed towards repainting the Mangatawhiri Hall and to support the cost of running Robyn's Nest SPCA Birdwing, a bird rehabilitation centre.

Hastings

Hastings Quarry staff and management and local community representatives selected nine community organisations from a range of applications to receive sponsorship.

Hawke's Bay Western Riding Club was funded to repair its damaged arena surface, Royal New Zealand Plunket Society (Hastings) was supported to purchase paint for its Plunket Family Activity Centre, and Hastings Air Training Corp was assisted to complete the concrete apron in front of its drill hall.

Sponsorship helped Clifton Marine Club hold the fishing competitions that fund their club facilities, and provided mats and sparring equipment for Hawke's Bay International Taekwon-do Federation.

Educational material, equipment and speakers were funded for community programmes run by All Saints Anglican Church of Taradale and assistance was provided towards operating costs for the Accident Injury Support Trust. Help was also provided with rent and power costs

for CreArts, which runs creative arts programmes and activities for children, young people and beneficiaries.

A Maori Achievement Award was again presented at Taradale High School.

In February, support from Holcim enabled the U-Turn Trust, a Hastings community initiative, to take its mobile griller to Christchurch to provide meals for victims of the earthquake.

Other Sites

Holcim supported schools in the Waitaki region, near Taylor's Lime, through the Paper4trees carbon reduction programme, which supplies schools with a native tree for every two cubic metres of paper recycled through the scheme's waste bins. Holcim also donated pallets of pavers for a school gala and fundraiser at Horotiu and funded children's activities at the Onehunga Festival.

A team from Holcim joined 1,500 other Auckland women in the year's annual Sunrise Walk for Hospice. Holcim was a principal sponsor of the event and the 10 kilometre



route was named the Holcim Trail. Hospice sponsorship helps ensure that palliative care at Hospice South Auckland can be provided free of charge.

More than 200 Holcim cellphones and accessories, replaced last year, have been turned into cash to help critically ill children in Starship Hospital. The cellphones were returned to Telecom as a contribution towards the Starship Mobile Phone Appeal, to be refurbished where possible for sale or recycled.

Support was provided to the Plimmerton Kindergarten mid-winter dip fundraiser and concrete was supplied for the front apron at Awhitu Fire Station, on the western side of Manukau Harbour.

Greg Ord, Acting IT Manager, hands over redundant cellphones and cellphone accessories for the Starship Phone Appeal to Hamish Stroud of Telecom dealer, Leading Edge Communications.

Neil Hateley, Quality Manager at Westport Works, monitors water quality. Holcim is committed to measuring our environmental performance and encouraging environmental best practice.

Environmental Sustainability



Environmental Performance

Recycled Gypsum is stockpiled at Westport Works before being mixed with natural gypsum in the cement making process. The natural gypsum being replaced is usually imported from Australia.

Environmental Submissions

Holcim New Zealand actively prepares and makes environmental submissions on relevant sections of district, regional and national plans and policy statements. This pro-active approach ensures that officials and fellow submitters have a good understanding of the company's environmental position. Active involvement also helps the company's interests and identifies for Holcim New Zealand the future direction of local authority and Government environmental planning.

In 2011 the Company submitted on plans in the Dunedin City, Manukau and Otorohanga districts, the Waikato and Auckland regions and on the Ministry for the Environment's Biodiversity National Policy statement.

Holcim New Zealand is also an active member on the Aggregate and Quarry Association's planning committee. This committee provides an industry voice on maintaining supplies of the essential minerals of aggregate and limestone.

Our parent Holcim Ltd has a number of environmental policies in relation to protecting and enhancing biodiversity with which Holcim New Zealand maintains a close alignment.

Recognising Excellence

During 2011, the Company introduced the Holcim (New Zealand) Ltd Environmental Award. This is designed to foster and enhance employees' thinking about environmental matters throughout the Company, and to recognise and reward outstanding environmental initiatives within our operations. The award's first winner was McDonald's Lime, where significant improvements were made to its energy efficiency with only minor adjustments to kiln operation. Combining these efficiencies with sales and operations planning worked seamlessly to result in improved efficiency overall.



Lower CO₂ Manufacturing

In early 2011, cement containing 8% limestone was successfully introduced into the New Zealand market. The resulting reduction in the clinker factor – the amount of clinker in cement – led to a drop in CO₂ emissions.

Compliance

No fines or abatement notices were issued to the Company for any environmental breaches during the year. The new water treatment device installed at Holcim Concrete's Avondale plant proved itself in automatically ensuring the correct levels of pH in used water. After further refinements, this device will be implemented at other concrete plants to ensure compliance with their resource consents.

Simple and Effective

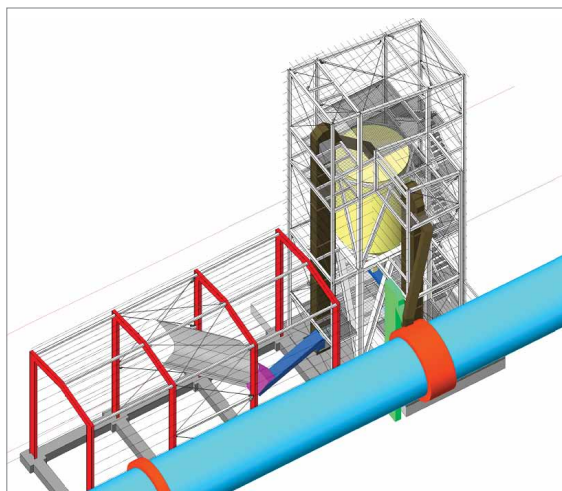
Taylor's Lime has shown that a little thinking combined with a little effort can achieve a significant environmental benefit. Instead of water running on to the Makareao site, the water is now diverted around the outside of the site. This enabled Taylor's to surrender a water discharge consent as there was then no risk of contaminated water going into the adjacent river. This was a low-cost, low-risk option pursued by site staff, with a tangible environmental benefit.



New AFR at Westport Works

Over ten years ago, Holcim New Zealand initiated discussions with New Zealand Aluminium Smelters Ltd (NZAS) at Tiwai Point about using spent cell liner (SCL), a by-product of manufacturing aluminium, as part of the Alternative Fuels and Raw Materials (AFR) programme at Westport Works. In 2011, after extensive research, trialling in the kilns and investigating transport and handling options, SCL was consented and has since been used as a major AFR at the Works.

SCL is a good product for AFR use, being energy-rich because of its carbon content, while also having a number of the minerals required to make clinker. This means SCL replaces some of the coal needed to fire the cement kilns and reduces the amount of raw materials



A wire-frame project drawing illustrates how the new SCL facility connects up to Kiln 3. The drawing also shows a delivery in progress - with the sealed truck-body connected to the receival hopper and in the elevated position.



from the quarry going into the clinker. For NZAS, sending the by-product to Westport Works solves a major handling and storage issue at Tiwai Point. SCL is used as an AFR by a number of Holcim Ltd cement plants (including Cement Australia) so there was valuable experience and information to draw on.

Over the years, Westport Works has worked closely with the West Coast Regional Council in reaching the stage of adopting SCL as an AFR. In 2004 the first resource consents were given to allow verification trials involving small quantities of SCL. A key requirement for any AFR use at Westport Works is that emissions levels must be within the existing consented levels. In 2007, exhaustive

verification trials in the kilns were completed to the Council's satisfaction. This meant Holcim New Zealand and NZAS could start work on finalising arrangements for the secure transport by road of SCL from Tiwai Point to Westport. A new loading facility was built at Tiwai Point in late 2010, with the SCL being transported in a specially designed truck and trailer unit. The new SCL receiving facility at Westport Works, which comprises a sealed purpose-built, kiln-loading system, was completed in late 2010 and was fully operational during 2011. A long-term consent was granted in 2011 for the use of SCL which enables the long term use of this AFR.

Another AFR initiative at Westport Works in 2011 is the introduction of recycled gypsum as a replacement for natural gypsum that is routinely imported from Australia. Natural gypsum is an essential ingredient in most types of cement, primarily to stop flash-setting of concrete. Gypsum is also an essential ingredient in plasterboard and trials at Westport Works using gypsum recycled from waste plasterboard have proved its suitability as an AFR. In 2010 over 1200 tonnes were used. Our recycled gypsum is sourced from manufacturing waste, construction waste, and demolition/deconstruction waste. There is some potential for significant volumes of plasterboard wastes to flow from the re-build efforts in the aftermath of the Christchurch earthquakes.

Left hand photo: The SCL Receiving Facility at Westport Works is the culmination of a major project by Holcim New Zealand and New Zealand Aluminium Smelters to design, construct and operate a state-of-the-art plant for safe and effective coprocessing of spent cell liner.

Right hand photo: The SCL is delivered directly from New Zealand Aluminium Smelters to Westport in a purpose-designed truck.

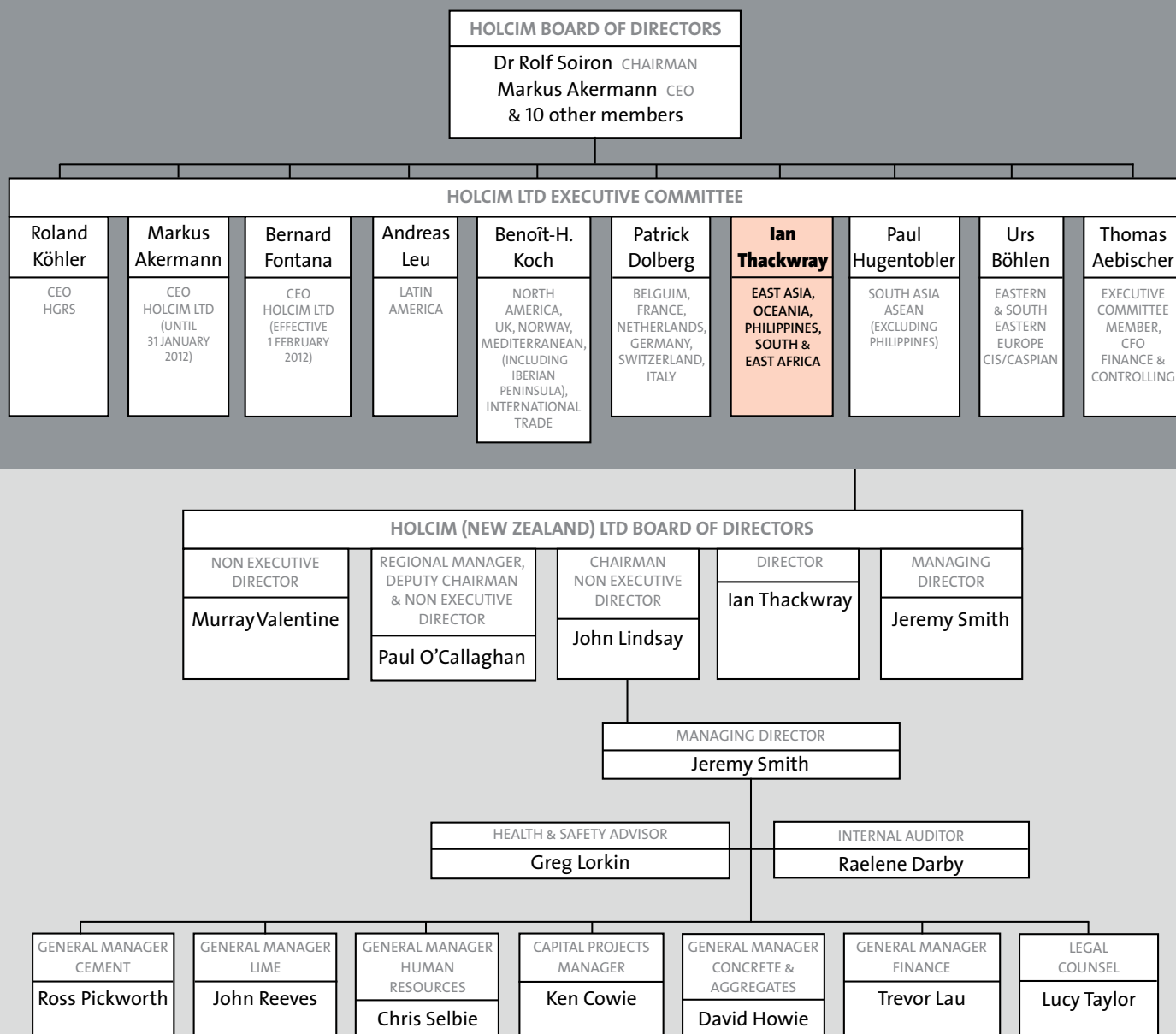


Holcim (New Zealand) Ltd Environmental Plan 2011

Targets for 2011	Status	Details
Environmental Management Systems	✓	Retain ISO14001 certification and undertake maintenance of Environmental Management System.
Environmental Compliance	✓	Ensure compliance with the Resource Management Act 1991 and other New Zealand environmental regulations.
Environmental site audits	✓	Complete environmental audits on all sites.
Recognise Environmental Excellence	✓	Internal environmental excellence award.
Lower CO ₂ Manufacturing	✓	Initiatives to reduce CO ₂ introduced.
Sustainability Research	✓	Complete planned research projects and continue links with Holcim Limited and industry.
Community Engagement	✓	Maintain high levels of community engagement at key sites.
Waste Minimisation	✓	Develop economic opportunities for key manufacturing by-products.



Company Structure



As at January 2012

Holcim New Zealand Executive Team



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

As at January 2012

Directory

Holcim (New Zealand) Ltd – Directors

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

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Anthony Harper

BANKERS

Citibank N.A
Commonwealth Bank of Australia
Westpac Banking Corporation

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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

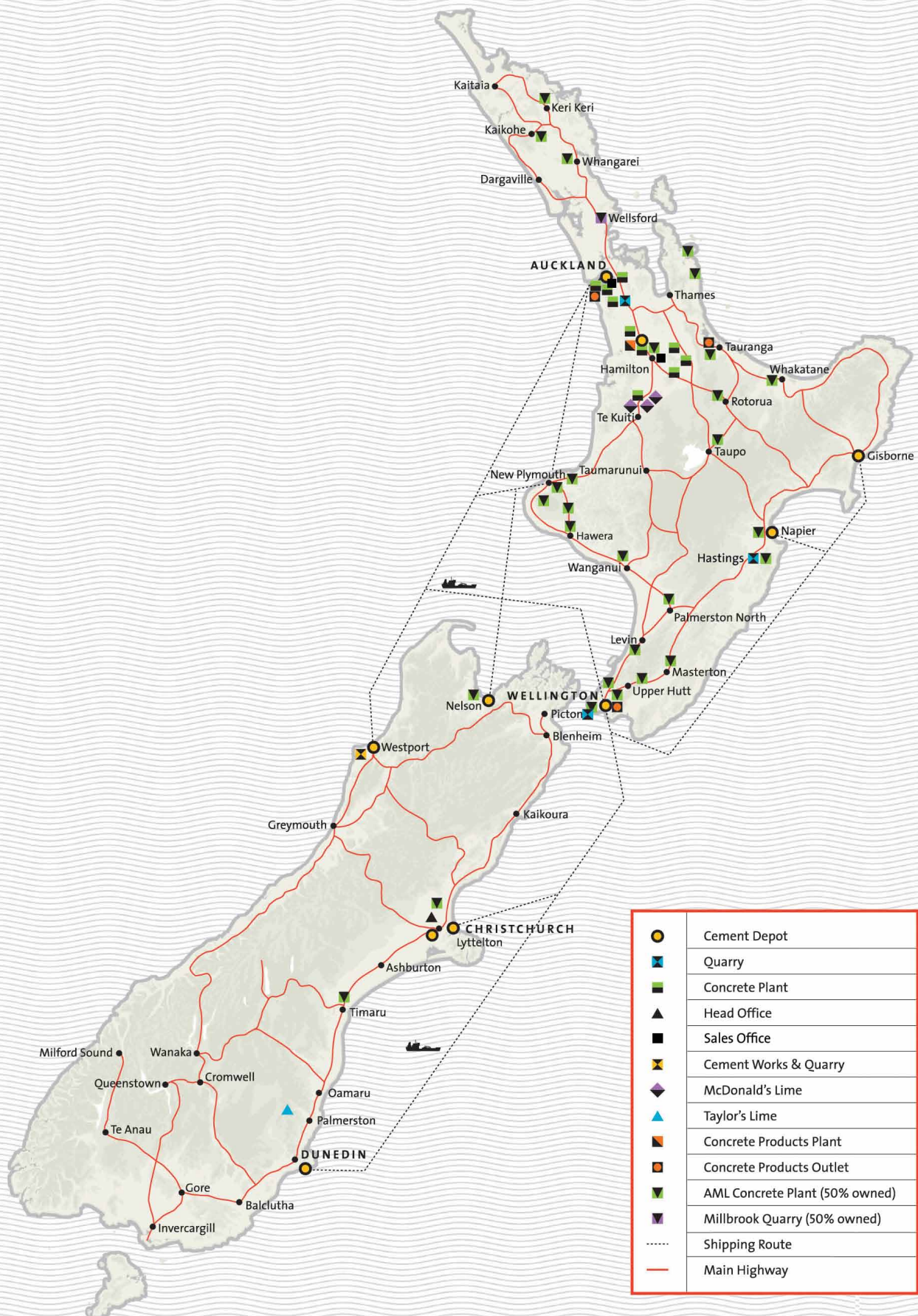
Jeremy Smith
David Hazlehurst
John Lindsay
Simon Linge
John Reeves
Ron Gillespie

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

MILLBROOK QUARRIES LTD

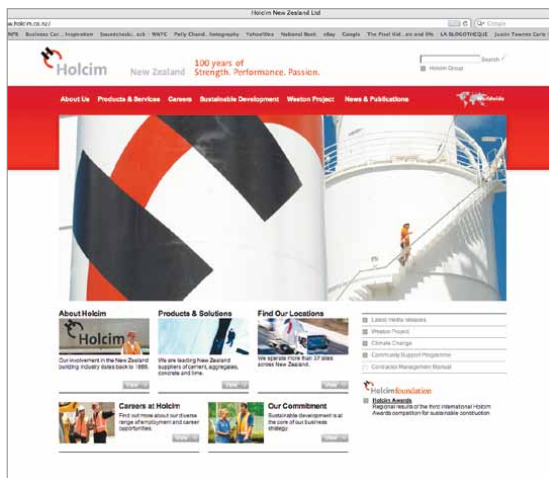
Jeremy Smith
David Howie
Stephen Dodd
Phillip Schmidt

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

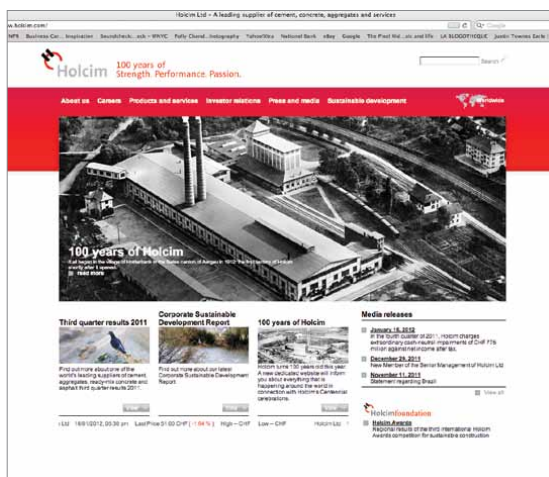


Further information

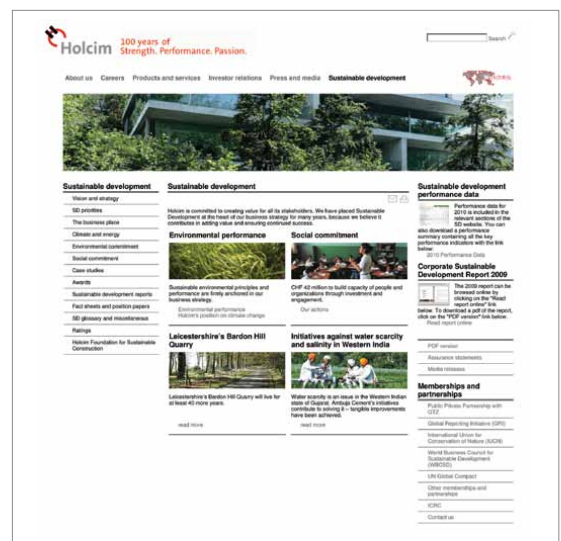
For further information about Holcim (New Zealand) Ltd, please see our website: www.holcim.com/nz



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



For more information about Holcim Ltd's Corporate Development Sustainability Report, please visit: www.holcim.com







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