Economic. Social. Environmental.

Holcim

Annual Review 2007 Holcim (New Zealand) Ltd

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FRONT COVER:

Demand for concrete continued at high levels in 2007.
Eight new concrete trucks were purchased to better service the Auckland market.

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 employs more than 550* people at over 35 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 those 119 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.

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

Cement

At Westport Works, Holcim produces over 500,000 tonnes of high quality Portland cement a year. 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. Bagged cement brands are Ultracem, Duracem, Rapidcem and Holcim GP.

Aggregates

Holcim operates two large quarries at Bombay, south of Auckland and Hastings, in Hawke's Bay, supplying approximately a 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 34 ready-mixed concrete plants owned by subsidiary companies Holcim Concrete (100% owned) and AML (50% owned) supply a large share of New Zealand's 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 on worksites. Our goal is clear: nobody should come to any harm while working on 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.

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 achieving ISO14001 environmental certification at all Holcim sites. The accreditation is 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. During the past four years, Holcim has spent over $1 million on environmental initiatives alone at Westport Works.

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 90,000 people in over 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 www.holcimfoundation.org 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.

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 Review

2007 was another good year financially for Holcim New Zealand, with buoyant cement, concrete and lime sales driven by busy construction and roading industries.

There was also a continued emphasis on environmental and safety performance, with greater attention paid to safety issues.

Sustainable development

Holcim New Zealand has integrated economic, social and environmental sustainability into its annual reporting since 2001 because the Company recognises that operating sustainably is the cornerstone for long-term success.

Our vision is to provide the foundations for society's future and to be trusted partners with the communities in which we live and work. We provide enduring value and constancy through the jobs we create, our active social involvement in each community and our stewardship of sustainable resources for future generations.

The annual review is once again an opportunity to show examples of the firm commitment of Holcim to sustainable development. This commitment sees the Company constantly striving for higher levels of performance in occupational health and safety, climate change activities including CO_2 reduction, prudent energy use, and community involvement, as well as in stakeholder consultation and dialogue.

These initiatives reflect our 119 year New Zealand history of industry innovation, and also the global commitment of our parent Holcim Ltd to sustainable business practices and meeting the challenges resulting from climate change.

Cement is of such importance to the local economy that its future supply must be safeguarded.

Securing a long-term domestic supply of cement for New Zealand requires a considerable amount of forward planning. It is therefore pleasing that, at the time of writing and after a lengthy community consultation and resource consent hearing process, the three commissioners who heard the application have granted all consents sought for a new cement plant at Weston, near Oamaru.

The approval is being challenged in the Environment Court with a decision expected by the end of 2008.

Company Values

Holcim New Zealand has adopted the Holcim Group global values as its own set of values to operate by. The values of strength, performance and passion, which have become familiar over the past four years, were reinforced at the June management forum and ways are continually being sought to ensure we operate according to those values.

Strength – a solid partner, a strong organisation, with people of integrity and strength.

Performance – delivering on promises, finding best solutions for customers, demanding excellence, searching for better ways and achieving best results from working together.

Passion – dedication and commitment, caring about people, customers, the environment and communities, and celebrating success.

Managing Director

In May, Rex Williams, Managing Director of Holcim (New Zealand) Ltd and, prior to that, Milburn New Zealand Ltd, retired after 27 years of valuable service with the company. Under Rex's tenure, Holcim adopted a leadership role in the industry, a strong focus on sustainable development, and a "zero harm" health and safety programme.

He was succeeded by Jeremy Smith, a qualified solicitor with extensive management experience, who we welcomed as Chief Executive in June. Jeremy joined Holcim in 2000 and for the past four years has been General Manager of Holcim Cement. Jeremy was appointed Managing Director in November.

Compliance

The Board's Audit and Compliance Committee ensures various internal and external audits are completed to verify that management has in place and is complying with the right systems to meet Company and legal requirements and to provide accurate annual accounts and financial statements. The Committee also ensures that the Company's health and safety, environmental and insurance risks are identified, managed and monitored.

The internal audit function within Holcim New Zealand is governed by an internal audit charter and in addition, the head of Holcim Group's Internal Audit regularly monitors the Company's activities for reporting to the Group.

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Safety and Environment

The Board ensures that management programmes aimed at improving the company's safety and environmental performance continue to be strengthened. These are areas of critical importance, needing close and ongoing attention. For the Board, sustainability means not only securing the future for the Company in the long term, but also reducing risk by understanding the impact of our economic activity on the environment and on society. Sustainability is not something we will achieve overnight, but the Board will continue to ensure it is an integral part of the business now and in the future.

Thank you

All Directors join me in thanking our people in Holcim New Zealand and all those in our partner and associate organisations for their parts in achieving such a good result in a busy and challenging year.

John Lindsay
Chairman

Board Composition

Holcim (New Zealand) Ltd Board

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 Chairman of the Auckland Regional Chamber of Commerce and Industry, the New Zealand Chambers of Commerce and Industry, and America's Cup Village Ltd and is a Director of a number of other companies including Ports of Auckland Ltd.

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. 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.

Tom Clough

Tom joined the Executive Committee of parent company Holcim Ltd in 2004, with responsibility for East Asia including the Philippines and Oceania, as well as South and East Africa. Previous positions with Holcim include CEO of Holcim's Philippine Group company and Chief Executive of Jakarta-based PT Holcim Indonesia Tbk.

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.

Simon Upton

Former member of Parliament and Cabinet Minister Simon Upton joined the Board in 2007, furthering his four-year involvement with Holcim internationally as an Advisory Board member of the Holcim Foundation for Sustainable Construction.

Paul O'Callaghan

Formerly Chief Operating Officer for Holcim Philippines, Paul O'Callaghan 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.

Managing Director's Review

During 2007, Holcim New Zealand's total sales increased by 4% to $312 million as a result of a continuing high level of construction in all sectors.

Production levels were buoyant across the company's three divisions, with record cement volumes where total sales reached 643,000 tonnes. Concrete, aggregate and lime outputs also increased, reflecting the excellence of both the management and the staff's technical and other professional skills throughout the Company.

This is a Company of hard-working people who are highly skilled and who also make a major contribution to the numerous communities where Holcim New Zealand operates.

Management changes

There were a number of changes at senior management level during the year, including the retirement of Managing Director Rex Williams (referred to in the Chairman's Review). Among the senior managers we farewelled were Bill Abbott (Concrete and Aggregates) and Paul Commons (Strategy and Development). Both went to further their careers with Holcim in the United States, and are among a number of Holcim New Zealand people promoted to positions with our parent around the world in recent times. We also welcomed a number of people coming to Holcim New Zealand from overseas to further their careers and contribute to Holcim New Zealand's future.

Climate change

Over a decade ago, as a cement manufacturer, Holcim New Zealand was one of the earliest companies to take voluntary action on reducing the output of greenhouse gases in the cement production process. In the ten years since, Holcim New Zealand has taken the lead in both substantially reducing the output of greenhouse gases, and in working with the Government on the best way to develop a carbon emissions trading scheme. Holcim New Zealand strongly believes that any trading scheme must ensure the long-term viability of the domestic production of cement. The end use of cement is predominantly as an input into the production of concrete. Concrete is the second most used commodity in the world by volume after water. Concrete plays a key role in supporting provision of the country's infrastructure – schools, hospitals, airports, highways, bridges, windfarms, factories and homes. The most appropriate place to produce that cement and its products is here in New Zealand.

Safety

All of us were shocked and saddened at the death of Ray Finn at the Westport Quarry, in a workplace fatality. Ray was a contractor from Nelson working at the quarry, and was well-known and liked by his workmates. Together with his employer, Holcim New Zealand is keeping in contact with Ray's family to help them through what is a very difficult time. Support has also been provided to those who were involved in helping at the scene after the accident.

Energy use

Although we continue making major savings in the amount of energy used to make cement, to run our ships and trucking fleets, and to operate our various plants, the increasing costs of electricity and coal continue to be a major concern. The price rises we are experiencing are now well in excess of our ability to absorb, despite our best efforts to conserve energy and to use it more efficiently. Inevitably, some of these costs must be passed on to customers and have a flow-on effect into the economy.

Holcim Ltd

Holcim New Zealand is proud to be part of Holcim Ltd, which is regarded as one of the world's most progressive companies in seeking excellence in social and environmental performance. Once again, during 2007 there was independent recognition of the company's achievements in these areas. In the social area, the influential Scandinavian financial services company Storebrand rated Holcim Ltd "best in class" for its leading social and environmental performance. This means Holcim (which is listed on the Swiss Stock Exchange) qualifies for investment in terms of Storebrand's Socially Responsible Investment criteria and is therefore available to those investors who put a priority on ethical investment. Then, for the third year in succession the Holcim Group was acknowledged in Dow Jones' Sustainability Index as the company with the best sustainability performance in the building materials industry. Holcim has been included in both the Dow Jones Sustainability World Index and the Dow Jones STOXX Sustainability Index for five years.

Jeremy Smith
Managing Director

Economic Sustainability

James Corlett, Holcim Concrete and Aggregates Key Account Manager (left), discussing the concrete that goes into a “Solid Beam” with Shane Coutts, Holcim Cement Technical Support Manager (middle) and Ian Finlayson - General Manager Stahlton Prestressed Concrete Ltd.

Operational Highlights

Increased activity by value in all building sectors in 2007 resulted in positive trading conditions for the Company's divisions.

Cement

- Record sales of 643,000 tonnes with production of clinker at Westport Works also a record at 458,463 tonnes.
- Supply of 3330 tonnes of cement to a major windfarm - the first of a large number of windfarms being planned and built as New Zealand commits to this important form of renewable energy.
- In eleventh year of operation, Used Oil Recovery Programme now providing 20% of the thermal energy for the kilns at Westport Works.

Concrete

- Total sales of 813,000 cubic metres.
- Major contracts to supply Auckland International Airport expansion and Arapuni Hydro Dam.
- Purchase of eight large concrete trucks to better service the Auckland market.
- Approval for a new $7 million concrete plant at Avondale, Auckland incorporating environmentally sustainable principles including recycling and reuse of all water.

Aggregates

- Sales of aggregates fell during the year but at a lesser rate than the industry overall.
- Record total of 600,000 tonnes processed at Bombay Quarry.
- New resource consents in place enabling extraction from Bombay Quarry's Jones Block, which in the long term will replace the existing pit.
- Bombay Quarry won a significant new contract supplying about 10,000 cubic metres a year to Fulton Hogan's Stahlton Prestressed Concrete for use in the company's Hollowcore concrete flooring product.

Lime

- Sales of calcinated lime increased by 7%, and sales of quarried lime increased by 17%. Ongoing conversion of forestry land (North Island) and sheep farming (South Island) to dairying requires a high level of lime supply.
- Export contract with the Lihir gold mine proceeding well. Larger container ship now in service enabling better management of deliveries from the Port of Tauranga to the mine.
- On-site x-ray analysis of quarry production samples now available, enabling more precise management of the manufacturing process. This means the highest quality product goes only to customers that require it.
- Stone washing at the quarry has assisted in improved product quality.

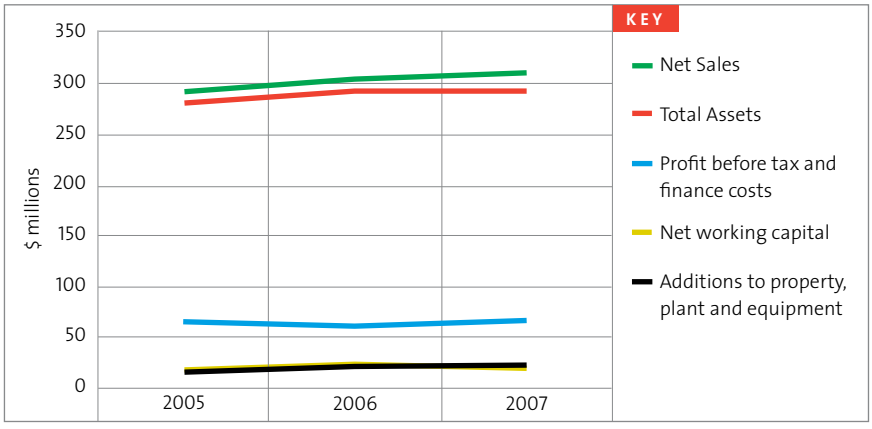
Outlook for 2008:

In 2007, the total value of all new building permits was $11.93 billion, an increase over 2006 of 6.7%, with residential activity ($6.4 billion) showing a 7.4% increase. However, reflecting its cyclical nature, building activity is expected to ease during 2008, and total cement consumption to decline somewhat to 1.35 million tonnes. This forecast reflects an expected fall in the residential building market as a result of higher interest rates and lower net migration levels, while the higher cost of borrowing is also likely to affect the commercial construction sector. In contrast, the infrastructure sector is expected to grow, thanks to the continuation of existing projects and to new ones.

On the broader economic front, the official cash rate is expected to go as high as 8.7%, GDP growth is forecast to slow (down by 1% to an annual 1.4%) and the rate of inflation is expected to increase to 3.3%.

Despite these forecasts, Holcim New Zealand expects its sales to be satisfactory in the year ahead.

Company Overview



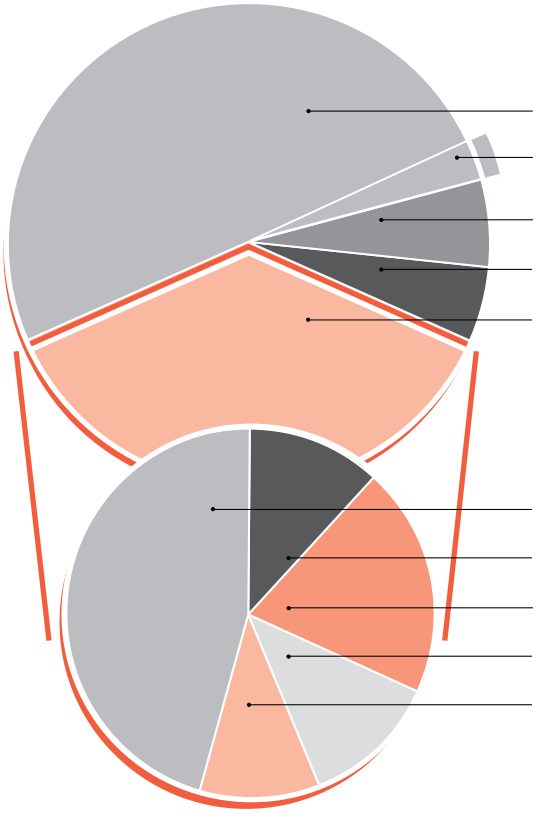
Financial Result

Value Creation

Values created by Holcim New Zealand for our key stakeholders	$000	$000
	2007	2006
Net Sales	311,905	300,030
Other Income	9,305	9,666
Total Income	321,210	309,696
Less		
Payment for goods, materials and services	-168,662	-168,087
Payment for electricity and coal	-19,145	-18,745
Depreciation and amortisation	-15,819	-14,957
Less		
Benefits provided to		
Employees	-54,240	-50,979
Government (taxes)	-13,427	-11,328
Parent Shareholder	-23,457	-26,200
Financiers	-13,908	-13,013
Increase in total equity	12,552	6,387

Distribution

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



Payment for all goods, materials and services **52.5%**

Portion paid to offshore suppliers **5.6%**

Payment for electricity and coal **6%**

Depreciation and amortisation **5%**

Benefit to employees, government, shareholders and financiers **36.5%**

Breakdown of the 36.5% benefit to employees, government, shareholders and financiers

Employees **46%**

Government (taxes) **11.5%**

Parent shareholder **20%**

Financiers **12%**

Retained in the business **10.5%**

Production and Sales

Sales across all Holcim divisions increased by 4% to $311.9 million. There was a strong contribution from Holcim Cement, and Holcim Concrete experienced increased sales in a very competitive market. Holcim Aggregates produced over one million tonnes from Bombay Quarry and Hastings Quarry with additional output from the joint venture Millbrook Quarry at Whangaripo north of Auckland. Lime production also continued at high levels.

Holcim Cement

Clinker production at Westport Works was once again a record at 458,463 tonnes, a 2% increase on the previous year.

Total sales of cement were also a record at 643,000 tonnes, with local production supplemented by cement imported through a supply agreement with a cement plant in China. The imported cement meets or exceeds the New Zealand Standard and is carefully tested prior to sale to provide this assurance to customers.

The year's record production of clinker and cement reflected the high level of dedication and skills of everybody involved in production and distribution.

Clinker is the basic ingredient in making cement and is milled together with various ingredients to produce different kinds of cement. The clinker record was achieved despite an October lightning strike on a transformer, cutting electricity to the plant and resulting in a significant disruption to production. Ironically, during the year Westport Works had agreed to participate in a trial load-control project with Buller Electricity and Transpower, where the Works' electricity supply was reduced to help ease peak loads on the South Island grid – but with twenty minutes' notice.

Holcim Concrete

Demand for concrete continued at high levels, with a particularly strong start to 2007. Total sales including both Holcim Concrete branded sales and a share of the AML joint venture sales reached just over 800,000 cubic metres.

A highlight of the year was approval for a new $7 million concrete plant at Avondale, Auckland capable of producing 160 cubic metres an hour. Into the design of the plant is going much that Holcim Concrete has learnt about environmental excellence in operating concrete plants, to date mainly gained through upgrading existing plants. Avondale will incorporate water conservation techniques, and handling the recycling and reuse of concrete waste and wash. Construction is starting in early 2008 and the plant is expected to be commissioned late in 2008.

The new plant will also play a key role in enabling more timely deliveries of concrete which had been increasingly affected by Auckland's traffic congestion. Concrete is required on sites mostly between 7am and 11am, but Holcim Concrete is adept at sourcing concrete from the most appropriate plant to minimise the potential for delivery delays during peak hour traffic.

Fiji

In Fiji, Holcim New Zealand has a 49% share in Basic Industries Ltd (ready-mix concrete, pipes, pre-cast and aggregates) and a 24% share in cement producer Fiji Industries Ltd. The December 2006 military coup resulted in a major contraction of the Fiji economy during 2007 with a consequent fall in demand for the companies' products. While each company remained profitable, the ongoing uncertainty surrounding the future of the country's government is of major concern. On a positive note, exports from Fiji to other Pacific Island countries increased.

Holcim Aggregates

Production of aggregates from Bombay Quarry and Hastings Quarry was just under one million tonnes, while the joint-venture Millbrook Quarry at Whangaripo (north of Auckland) also produced significant volumes.

Total sales of aggregates fell during the year, following the national trend, but the fall-off was at a lesser rate than the industry overall. At Bombay Quarry, south of Auckland, a record total of 600,000 tonnes was processed, and with new resource consents in place enabling extraction from the quarry's Jones Block, output will be increasingly sourced from there.

In the longer term the Jones Block will replace the existing pit. The consents, granted after extensive consultation with neighbours and the nearby community, were confirmed at the first hearing stage, where Holcim New Zealand and the quarry's neighbours agreed on a number of measures to mitigate the impact of the quarry's operation.

Bombay Quarry won a significant new contract supplying about 10,000 cubic metres a year to Fulton Hogan's Stahlton Prestressed Concrete for use in the company's Hollowcore concrete flooring product. Large concrete floor slabs are machine-formed and then placed on site, needing only a concrete topping to finish the floor. Previously, a greywacke aggregate was used in the slabs, but Bombay's basalt has proved technically superior.

Lime

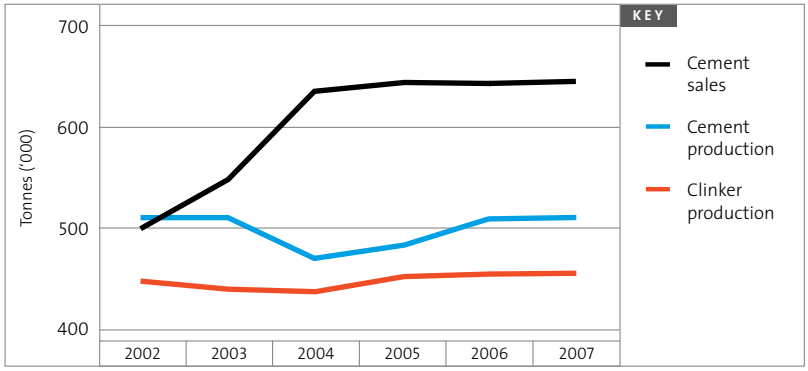
Quarried lime output tonnage increased by 17%, and production of calcinated lime increased by 7%. This growth was assisted by exports and a nationally strong agricultural demand mainly resulting from continuing high levels of dairy conversions, which need lime application.

Transport arrangements supporting McDonald's Lime's export contract with the Lihir goldmine in Papua New Guinea continued to improve. A larger container ship came on to the service from the Port of Tauranga and the purchase of larger container handling equipment at McDonald's increased handling efficiency. The container forklift has allowed loading of containers directly on to Toll rail wagons. This has taken several thousand truck movements off the local roads.

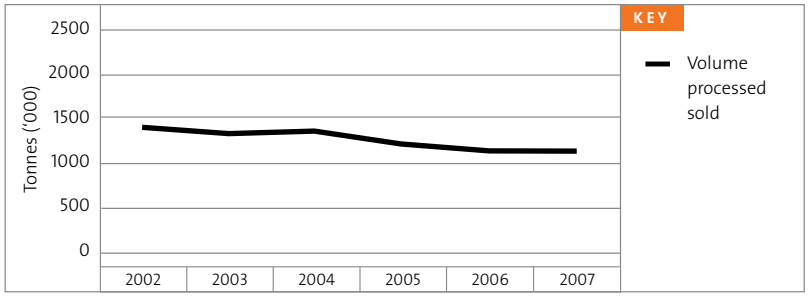
Processed lime production for a wide range of specialist uses also increased.

Rising energy costs for lime production have again been of concern during the year. The commissioning of a coal drying plant at Taylor's Lime has helped offset rising coal costs.

Holcim Cement volumes

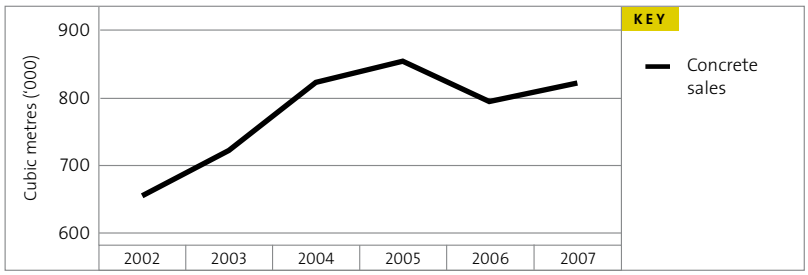


Holcim Aggregates volumes

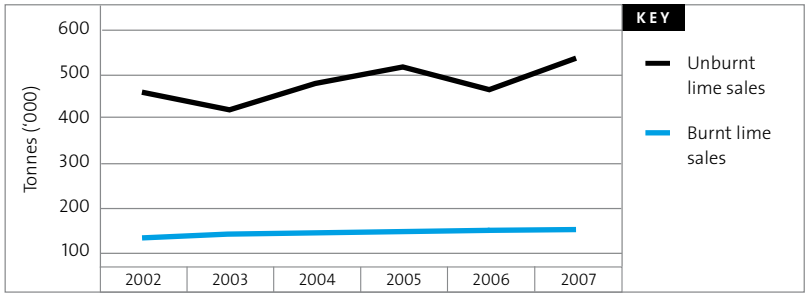


Note: *This does not include sales from Atlas Resources (25% owned)*

Holcim Concrete volumes



Lime volumes



Holcim Ltd

In the year to 31 December 2007, parent company Holcim Ltd's sales, profit and dividend all increased. Net sales increased by 12.9% to CHF 27.1 billion, and the operating profit increased by 14.6% to CHF 5 billion. Cement deliveries increased to 149.6 million tonnes from 140.7 tonnes in 2006 and sales of aggregates at 187.9 million tonnes equalled the high level seen in the previous year. Ready-mix concrete sales were 45.2 million cubic metres, compared with 44.2 million the previous year. Based on the good results, Directors are proposing an increase in the gross dividend from CHF 2.00 to CHF 3.30 per registered share.

For the third year in a row, the Dow Jones Sustainability Index recognized Holcim as "Leader of the Industry", providing independent confirmation that Holcim is committed to sustainability and social responsibility. The Sustainable Asset Management Group (SAM), in cooperation with PricewaterhouseCoopers, also presented Holcim with the "Sector Leader" prize and a "Gold Class" distinction at the World Economic Forum 2008 in Davos.

Holcim again underscored its commitment to the environment with intensive research into new technologies for the production process and environmentally friendly products. The Group is already making a significant contribution to limiting CO_2 emissions and is on course to hit its target of voluntarily reducing net specific CO_2 emissions by 20 percent per tonne of cement between 1990 and 2010.

Significant Projects

Holcim New Zealand's cement, aggregate and concrete products play a vital role in constructing and improving a wide range of the country's infrastructure, as well as buildings of all kinds. The professional and technical skills of our people are often called on to solve challenging construction issues.

Auckland International Airport

The $85 million expansion of the international terminal is based around the relatively new concept of concrete-filled circular columns. The need to get the right kind of concrete into the 18-metre tall steel columns posed formidable technical issues which required special solutions. Because vibrators couldn't be used to settle the concrete, a special self-compacting recipe including steel fibres was needed at the batching plant. Then everything in the concrete had to stick together while it free-fell into the pipe. Called steel fibre-reinforced self-compacting concrete, the technically advanced mix was provided to the contractor Hawkins Construction by Holcim Concrete, which also poured the concrete into the steel pipes.

Auckland City's footpaths

When John Fillmore Contracting Ltd (JFC) won the major part of the contract to replace 600 kilometres of footpaths in Auckland City over the next ten years, the company chose Holcim Concrete to provide the thousands of cubic metres of black chip concrete needed for the job. A key issue was ensuring prompt delivery so that traffic disruption on main roads was kept to minimum. To achieve this, a dedicated dispatch person coordinated site deliveries from Holcim Concrete's four Auckland plants. All eyes were on Holcim Concrete's

Carefully pouring concrete into the interior of the Arapuni Dam.

delivery and placement performance for the Kepa Road footpath rehabilitation which took two pours of over 1000 cubic metres over two days. Auckland City engineers were impressed with the pour's minimal disruption to traffic on a busy thoroughfare, justifying JFC's trust in Holcim Concrete to do the job.

Arapuni Hydro Dam

Dealing with the issue of controlling seepage underneath the foundations of Mighty River Power's long-established dam on the Waikato River led to the development of world-leading engineering techniques. These allowed the pouring of a 50 metre wide curtain of concrete, 90 metres down through the body of the dam and then into the volcanic rock beneath. This had to occur without having to drain the lake and shut down the power station's generating capacity of 195MW. The engineering and technical issues involved in making the concrete, getting it to the site and pouring it into the spaces created inside the dam were difficult and very challenging. Holcim Concrete's Cambridge plant supplied the concrete to the partnership of Mighty River Power, Brian Perry Civil, and Italian-based foundation specialists Trevi.
A key issue facing the partnership was maintaining the structural integrity of the dam throughout the remedial work and also working with concrete in an environmentally sensitive area.

Each turbine at White Hill will stand 107m tall and support 80m diameter rotor blades.

Renewable energy and wind farms

Substantial growth in the number of wind farms around the country was quite literally underpinned during the year by Holcim New Zealand. This was because each wind turbine required a large concrete foundation of up to 115 tonnes of cement to make as much as 385 cubic metres of concrete – 55 truckloads. Most wind farms produce their renewable energy in isolated parts of the country and on land that is difficult for trucks to access, so the cement industry's involvement with wind farms is not without its challenges. In a typical scenario, at Meridian Energy's White Hill wind farm near Mossburn, Holcim Cement supplied product to Firth Industries' on-site mobile concrete batch plants that were producing the foundations for 29 turbines. With a generating capacity of 58MW, the wind farm is at the smaller end of the scale, and Holcim New Zealand is looking forward to providing its cement, concrete or aggregate to other larger-scale wind farm projects as they are consented and built.

Awatere Bridge.

Awatere River Bridge, Seddon

Waiwera Viaduct, Northern Motorway extension

These two complex and important infrastructure projects demonstrated how the technical expertise and quality product provided by Holcim New Zealand and its partners enabled the projects to be designed and accomplished.

After 100 years of service, the old Awatere single-lane, road-rail bridge ceased its road function, and construction began on a new road bridge nearby. Concrete for the project was batched and poured by Allied Concrete Blenheim, using a special microsilica mix to give a 100-year life capability. This comparatively sticky mix needed special handling to overcome this characteristic.

At Waiwera, Holcim Aggregates was called on to supply basalt aggregate to Allied Concrete, responsible for providing 9000 cubic metres of concrete for the bridge decking. Only basalt-based concrete could meet the strict shrinkage specifications for the 520 metre bridge, which rises 30 metres above the valley floor. The traditional greywacke aggregate did however have a role in the project. Greywacke was found to be suitable for the bridge's concrete sub-structure and this came from the joint-venture Millbrook Quarry.

The Antarctic - ANDRILL

Holcim New Zealand has set the foundations for what is possibly the world's most difficult deep-sea drilling project. ANDRILL, based on the Ross Ice Shelf, was engaged in drilling through the 100 metre ice-shelf, then reaching down 850 metres to drill through 1260 metres of rock. The aim was to retrieve core samples, to give a picture of Antarctica's most recent 65 million years of climatic, glacial and tectonic changes to inform potential responses to future global changes and climate forcing. Holcim New Zealand provided the cement used in the drilling operation – meeting in the process technical challenges that have been described as "mindboggling". Holcim Cement was also used to securely plug the hole when drilling was completed in late November. Those working on the project during the year experienced temperatures down to -30degC.

Distribution

Holcim Cement

Ships

Holcim New Zealand's two cement carriers mv Milburn Carrier II and mv Westport carried 445,420 tonnes of cement from the Port of Westport to principally the Ports of Onehunga, Lyttelton and Wellington. Both ships are New Zealand-registered and crewed. Conditions on the Westport Bar resulted in a total of 41.5 cement shipping days being lost. The worst period was in October, when a run of 20 cement shipping days were lost. This interruption to supply triggered the use of the contingency road tanker fleet to instead transport cement to the deepwater Port of Nelson. The tanker fleet is maintained to ensure that any lengthy closure of the bar does not affect supplies to customers. A final decision on the kind of ship to replace mv Westport will be made once the outcome of the current project to address options for future cement supply is known.

Milburn Carrier II.

Road

Tankers capable of carrying up to 29 tonnes deliver bulk cement from port storage silos to Holcim Concrete plants and to customers' bulk storage facilities around the country. A significant upgrade of the tanker fleet has continued, with nine new quad-axle tankers going on the road. A total of 27 cement tankers are used by Holcim Cement to ensure timely supply to customers.

Rail

The volume of bulk cement transported by rail grew significantly during the year when shipments from Westport Works to the Sockburn depot in Christchurch reached 1000 tonnes a week. Holcim Cement is examining the feasibility of expanding this transport option.

Holcim Concrete

Holcim Concrete's delivery fleet comprises 85 vehicles operating in Auckland and Waikato, with the larger eight-wheel trucks carrying 6.4 cubic metres of concrete. In addition, AML Limited (a joint venture with Allied Concrete Ltd) in which Holcim New Zealand has a 50% share, operates a fleet of 175 concrete trucks throughout the country.

The issue of organising better distribution in Auckland was addressed in a 2006 study by LSI Consultants and its recommendations including the appointment of a distribution manager were successfully put in place in 2007.

Capital Investment

Holcim New Zealand continued its significant level of investment across all the Company's divisions, including a number of major items of capital expenditure and upgrades.

Cement tanker fleet

In the distribution and transport area, nine new cement tankers were put on the road at a cost of $1.7 million. The nine are part of a total fleet of 27 tankers, representing significant investment in maintaining the highest transport standards, security of cement supply and fuel efficiency. Seven of the German-made aluminium tankers are quad-axle versions which enable a maximum load of 29 tonnes, and two are tri-axle carrying 27 tonnes. The tankers operate from Auckland, Christchurch and Dunedin and come with their own pneumatic compressor system enabling secure transfer of the cement into customer silos.

Holcim Concrete's 85-strong truck fleet operating in Auckland and Waikato also received a boost with a $1.3 million purchase of twelve concrete delivery trucks. Included are three eight-wheel vehicles with a capacity maximum of 6.4 cubic metres per truck.

New mobile wash plant

Oparure Quarry at Otorohanga provides some of the highest quality lime in the country for processing at nearby McDonald's Lime. To conserve this quality resource, considerable effort is made to ensure the best use is made of limestone products from the quarry. This is done by carefully matching the limestone's various qualities to the exact needs of each customer. To help with this task, a new 36-tonne mobile wash plant was installed in the quarry to better wash and grade the limestone.

This is the largest mobile washer in the country and is supported by a new cone crusher which reduces rock size going into the washer. Supporting the quality selection process is a new $200,000 x-ray machine that ensures the quarry's highest quality limestone products are directed into the right customer products.

At Taylor's Lime, major energy efficiencies and production increases were achieved with installation of a new coal-firing system.

At the Hastings Quarry in Hawke's Bay, there was significant investment in upgrading extraction and processing equipment to further reduce noise and dust, and to generally improve the quarry's environmental performance. As with many quarries whose operations were originally in relatively isolated areas, neighbours are now closer and higher operating standards are expected.

At Westport Works, the company continued its programme of major expenditure to improve the plant's energy efficiency, production capability, and environmental performance. Projects undertaken as a result of the 2006 Energy Audit at Westport Works have contributed to a 2.5% reduction in kilowatt hours per tonne cement.

Holcim Cement's Nelson depot underwent an $800,000 upgrade to increase the depot's load-out rate to waiting cement ships.

Long-term Cement Supply Options

A cement kiln at Westport Works.

In March 2006, Holcim New Zealand announced a range of options it was considering to meet long-term growth in cement demand. For the last five years the Company has been importing cement to supplement production from the Westport cement plant, which is operating at full capacity. The current method of bulk bag importing is not considered a sustainable long-term option.

In May 2007 Holcim New Zealand announced that its investigations would focus on three priority cement supply options. They were:

- Continuation with the existing Westport plant, with an appropriate maintenance and capital works programme, in combination with imports on a bulk basis. (medium-term option, 20 – 30 years)
- A new dry-process cement plant at Weston near Oamaru (long-term option, 50 years)
- A new dry-process plant at Westport (long-term option, 50 years)

From the time they were announced, each option became the subject of extensive staff and community consultation. For the Weston option, the consultation process was an important aspect of the applications for the resource consents needed to operate a new plant. After several weeks of hearings, in November 2007 the independent commissioners appointed to hear the applications gave an interim decision indicating that they were "minded to grant consents, subject to finalisation of a range of conditions." (At the time of compiling this Annual Review, consents have been granted).

During the year the Company continued its major investigations into the Westport options focusing on the geology and mineral reserves of the nearby limestone quarry, energy, logistics and shipping, together with an engineering appraisal of the current Westport Works.

Following release of its investigation findings and after seeking feedback from potentially affected staff, the Company announced that two priority options would be put to its parent company for a final decision. The preferred option is for a new cement plant at Oamaru, and the second priority option is for continuation of the existing Westport plant (with an appropriate maintenance and capital works programme) plus bulk imports.

The Company recognises that whatever option is finally chosen, there will be significant community implications. The two options will be put to the board of parent company Holcim Ltd for a decision, not expected before late 2008.

Social Sustainability

Safety tours are a vital component of the company's Zero Harm initiative and involve all levels of management visiting and observing the workforce to reinforce good practices and safe behaviours. Over 5000 safety tours were carried out in 2007.

Social Sustainability

Holcim New Zealand continues to seek ways to meet the present needs of our staff, our stakeholders and the communities in which we operate, while safeguarding the ability of future generations to meet their own needs.

At the same time, we must provide a safe, healthy, equitable and positive working environment.

To help fulfil the Company's vision of providing the foundations for society's future, Holcim has developed a corporate social responsibility strategy based on building and maintaining relationships of mutual trust with all stakeholders, including staff.
The strategy provides staff with principles guiding business conduct, employment practices, occupational health and safety, community involvement, customer and supplier relations, and monitoring performance. Our aim is always to develop the full potential of employees and business partners.

Safety Initiatives

At Holcim New Zealand safety is about caring for our people. For the Company to achieve its vision of Zero Harm to employees, contractors, customers and site visitors, it must passionately encourage positive safety behaviour and compliance.

Despite a clear focus on the goal of Zero Harm during 2007, the rate of improvement in safety performance was less than expected. While there has been a marked increase in awareness and interest in health and safety, this hasn't resulted in sufficient progress towards our Zero Harm goal. It was clear that action was needed to create a Company-wide urgency to achieve the overall aim: that nobody comes to any harm while employed or working on or visiting a Holcim site. Initial action involved increasing management focus, reinforcing individual accountability and there will be ongoing monitoring of its effectiveness.

Zero Harm – Safety First

The name Towards Zero Harm, which has been used since 2004, was changed to Zero Harm – Safety First to highlight that a zero-harm culture needs to be achieved immediately not some time in the future, and that safety is the priority above any other.

More urgency was given to completing planning and implementation of these safety initiatives:

Take 2 to do it right - The roll-out of Take 2 training was accelerated at all Holcim sites and completed by the end of October. "Take 2 to do it right" is a personal risk assessment tool that is used before all tasks are begun to check they can be done safely – to "step back two paces from the job" and "invest two minutes to think it through" first. Feedback from safety tours indicated Take 2 had been well received.

Job Hazard Analysis – Originally due for introduction in 2008, training in job hazard analysis commenced immediately after Take 2 in the fourth quarter. Job hazard analysis ensures specific tasks are planned with safety as an integral part of the documented process. It identifies and assesses each step of the job and defines the appropriate controls to eliminate, isolate or minimise the hazard. JHAs also cover recovery plans, in case a control fails.

Prevention of Falls awareness training was introduced concurrently with job hazard analysis as part of a one-day training session. The awareness training focused on safe work practices while working at height. The next step in the prevention of falls process is the completion of a working at heights survey at each site. The survey identifies which tasks are completed at height and by whom. A hierarchy of controls is applied to firstly eliminate, then isolate or minimise the associated hazards. During the fourth quarter, Hastings Quarry was used as the model site for this process, which will now be rolled out across all sites in 2008.

Traffic Safety and Signage – Site surveys continued during the year, identifying and making recommendations to control hazards associated with traffic movements on our site.

The Safety Leadership Programme, initiated in 2006, continued during the year, with a further 42 staff completing training. The programme covers the people aspects of safety, as well as the systems, legislation, accountability, coaching and processes needed for effective safety management.

Safety Tours – One of the key proactive safety systems available at all sites, safety tours continued in 2007. The renewed focus was on Zero Harm in the latter part of the year, setting a greater level of individual accountability to achieve the number of safety tours required as they had fallen well below the required target. Training was also commenced to remind staff how best to conduct a safety tour to identify safe and unsafe behaviours and practices, and ensure lessons learned are communicated throughout the Company. Each site has since been closely monitored by both the divisional and the overall Holcim safety councils to ensure safety tour targets are met.

Safety Alerts and Good Ideas Database – This database is used to communicate incidents, hazards, corrective actions and health and safety improvements to all divisions. It is prominently used to share the findings of incidents, but can be utilised by any staff member who would like to share health and safety-related information.

Fall Arrest Systems training ensured those working at heights know how to use a safety harness.

Incident Investigation – The sub-committee responsible for incident reporting and investigation changed its focus during the year from developing reporting and investigation processes to improving existing processes. The Incident Investigation Procedure was simplified and will be communicated in the first quarter of 2008. More intensive investigation of incidents was carried out in some instances as lessons learned from their findings remain a key way to drive safety improvement.

Contractor Management – A new contractor training database was introduced to track contractor qualifications and to ensure that all contractors received induction training. In the third quarter, contractor service agreements were introduced to record agreement by both the contractor and Holcim on their respective health and safety obligations and accountabilities. Further training was also given during the year to staff carrying out the inductions.

Safety Performance

One of Holcim's cardinal rules states that 'Isolation and Lock-Out Procedures must always be followed.'

Safety Performance

The target of zero harm continued to elude the Company in 2007.

The tragic death of a Holcim New Zealand contractor at the Westport Quarry in July was a low point in the Company's health and safety history. The Company has not experienced a fatality due to an accident since safety records began some 25 years ago. The fatal accident in July was a reminder that efforts to achieve zero harm must be constant and passionate at all levels.

The Company's Lost Time Injury (LTI) frequency rate fell by 20% during the year and the severity of injuries dropped significantly from 237 work days lost per million hours worked to 88 work days lost. This indicates that injuries overall were of a less serious nature and/or injured employees required less time to recuperate from their injuries.

Sprains and strains were still the main contributors to lost time injuries with a quarter of the sprains and strains related to lower back injuries. Efforts continued during the year to provide employees and managers with good information to help reduce and manage exposure to the lifting, pushing and pulling tasks that contribute to these types of injuries.

Cardinal Rules

The five Holcim Health and Safety Cardinal Rules introduced in 2006 were reinforced to all staff and site visitors during the year, with appropriate actions being taken when the rules were breached and safety incidents occurred. Cardinal rules are life-saving rules based on an analysis of accidents that have occurred within Holcim worldwide over recent years. If rigorously applied they will help reduce injuries and prevent fatalities. A breach of the cardinal rules is considered serious misconduct.

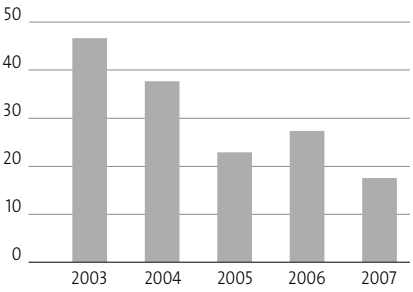
Eye Protection

A good response to the review of the Company's Personal Protective Equipment procedures helped reduce the number of eye injuries by almost 50% in the last 12 months.

ACC Partnership Programme

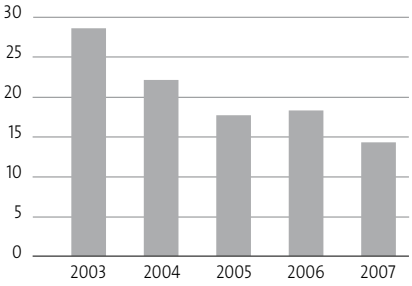
Holcim continues as a fully managing member of the ACC Partnership Programme. The Partnership Programme enables the Company to take on ACC's usual role of administering, remunerating and rehabilitating employees injured at work.

Lost Time Injuries



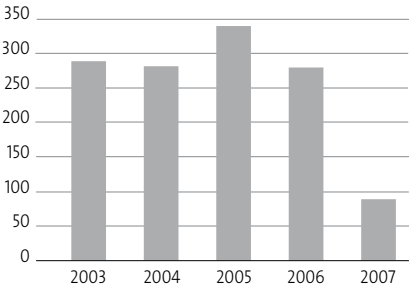
A Lost Time Injury (LTI) is one where the employee is unable to resume work for the next shift.

Frequency Rate



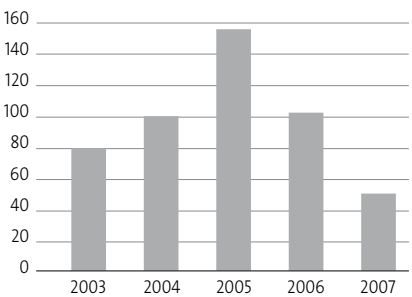
The Frequency Rate is the number of LTI's per million hours worked.

Severity Rate



The Severity Rate of accidents is the number of days lost per million hours worked.

Mean Duration Rate



The Mean Duration Rate is the number of hours lost per lost time injury.

Employee Initiatives

Employee Initiatives

The year has been one of change, with several senior management changes, a different approach to getting the safety message across, and uncertainty among staff at the Company's biggest site, Westport Works, over the long-term location of cement production. There have also been some recruitment challenges in locations where there has been a tight labour market.

Learning and Development

Holcim actively pursues a culture of continual learning and development for all employees because having qualified and fully trained staff is a decisive factor in a company's success. The Company is committed to fostering the development of all staff at all levels, seeking to promote and develop people from within, with a range of career development and on-the-job training opportunities available to employees at all levels and across all sites.

80 managers and supervisors from across the Company experienced a three and a half day business improvement training programme, EcoSim (Economic Business Simulation) during the year. The programme aims to help people better understand the link between their actions and the financial performance of the Company by working in a team to develop and manage their own "company", competing against other teams. The programme was run by two trainers from Holcim Ltd and the feedback from participants was extremely positive.

Gender

	2004	2005	2006	2007
All Employees				
Female	10.3%	13%	12%	13%
Male	89.7%	87%	88%	87%
Management Positions				
Female	13.5%	14%	12%	12.5%
Male	86.5%	86%	88%	87.5%

Turnover

	2003	2004	2005	2006	2007
Resignations	46	64	65	65	83
Retirements	4	6	7	5	11
Death in service	2	0	0	2	0
Redundancies	24	3	9	7	3
Dismissals	12	4	4	6	5
Average number of staff	518	525	539	523	554
Voluntary turnover	10.0%	13.3%	13.7%	13.7%	15.5%
Total turnover	16.9%	14.7%	15.7%	16.2%	18.4%

Age of Employees

Age Band	2003	2004	*	2005	2006	2007
15 – 39 years	29.9%	30.1%	15 – 29 years	8.9%	9%	11%
40 – 59 years	59.5%	58%	30 – 49 years	49.4%	49%	45%
60 years plus	9.8%	11%	50 – 60 years	28.4%	28%	32%
			60 years plus	11.9%	13%	11%
Age unknown	0.8%	0.9%		1.4%	1%	2%

* New Age Band applied in 2005

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

A pilot recruitment and selection training programme was held later in the year for 20 managers to help improve competencies in selecting the right people for the right role, including handling the interview process and how to look beyond technical skills. The success of this trial will mean that all other managers will complete the programme when it is rolled out in 2008.

Training in environmental awareness was made available to staff through a DVD, "Everyone's Business", which was produced especially for induction of new employees and will be used for this purpose in future. The DVD is aimed at showing new staff that the responsibility for safeguarding the environment lies with every Holcim employee and contractor.

EcoSim training.

Throughout the year, several managers and specialists attended a range of Holcim Group learning and development programmes overseas, and several Holcim Group executives visited local divisions.

Employee induction

The induction process for new employees was reviewed during the year and subsequently improved. A new employee handbook was produced in the second half of the year outlining Company policies and procedures to help new employees understand what is expected of them. This is now given to all employees when they start work at Holcim and a site-specific induction is also provided. Every site now also has an induction manual for managers to guide them through the employee induction process and ensure everything is covered.

Staff retention and demographics

Changes in the management team during the year were reflected at other levels too, with a higher turnover for the second consecutive year across all areas of operation. This was mainly due to the ongoing tight job market.

Dialogue

Dialogue provides formal and informal opportunities for salaried employees to have discussions with their manager about how they are performing in their role. Dialogue discussions are based on the performance triangle of three important areas of focus – skills and competencies, critical tasks and objectives set for the year. Systems have been put in place to improve the tracking and recording of the Dialogue review process.

Employee Survey

About two-thirds of Holcim staff completed a survey during the year providing feedback on what they think about their work experience, how they work as a team, and how the Company works with customers. Holcim New Zealand was one of seven Holcim Group companies piloting the survey. A summary of the survey results will be communicated to staff early in 2008 and staff will be consulted to develop strategies that will build on strengths and identify any areas needing improvement.

Cement Supply Options

Staff in potentially affected locations were also asked for their feedback and questions about the Company's findings from its investigation into long-term cement supply options. Regular meetings were held to keep staff informed of the options which, during the year, were prioritised to two options: a new plant at Oamaru, and the existing Westport plant plus bulk imports.

Health and Wellness

Crucial to the goal of zero harm is the health and wellbeing of the workforce at Holcim and the Company every year encourages staff to take advantage of the free annual health checks it provides. In 2007, 225 employees used the service, at a cost of $28,125.

Life Care, the company that took over this contract in 2006, also started to provide on-site first aid training to staff during the year. This includes checking site first-aid kits to ensure they remain current and well stocked. During the year, 24 employees used the Employee Assistance Programme to access free confidential counselling for help with work-related or personal issues. Of these, 22 were self-referred and 2 were referred by their supervisor.

Community Initiatives

Holcim New Zealand is committed to being a good neighbour in the communities in which the Company operates. This is done by assessing local needs, promoting community involvement and partnering with local stakeholders to improve educational, social and cultural development in those communities.

Community Liaison

An important part of this community involvement was continuing participation during the year in community liaison groups at Westport Works and Bombay Quarry and the development of a new community liaison group at McDonald's Lime. A more informal community liaison network occurs at Hastings Quarry.

A successful open day at Bombay Quarry drew over 200 visitors, with a programme of entertainment throughout the day and supervised children allowed to climb into the heavy vehicles. The day's programme also provided an excellent opportunity to learn about aggregates and the important role of this basic resource in building roads, schools, hospitals and other key infrastructure.

An open day at Taylor's Lime also attracted a good turnout with about 100 locals, mainly farmers who buy agricultural lime, attracted by guest speaker Keith Quinn and the chance to take part in plant tours and watch blasting in the nearby lime quarry.

The Company's commitment to being a good neighbour at its two aggregate and three limestone quarries included an ongoing programme of quarry rehabilitation work, with extensive plantings and landscaping of those areas no longer in use. More than 20 years of this rehabilitation work at the Westport Works limestone quarry was rewarded during the year with a national environmental excellence award.

Site open days provide an opportunity for locals to learn about Holcim operations.

Westport staff also participated in Clean Up New Zealand Week, initially focusing on picking up any litter around the plant. After this, a team of ten cleaned up all the litter along both sides of the road between Carters Beach and Tauranga Bay, managing to fill a trailer with roadside rubbish.

Late in 2007, Westport Works signed an agreement to sponsor construction of the new Westport sports complex and made the first of five annual payments of $50,000. The multi-purpose complex, at McDonald Park, will include an aquatic centre, dry court facility, fitness centre, hockey turf and two squash courts. Construction commenced in October and the complex is expected to be open in 2009.

Blue penguin study

After sponsoring a Lincoln University research project mapping colonies of little blue penguins in the Cape Foulwind and Tauranga Bay area in the past, Holcim has now formalised and committed to sponsorship of the West Coast Blue Penguin Trust for at least the next five years. Holcim's sponsorship helps provide assistance for tracking and counting colonies of the blue penguins, to better understand the nature of their breeding and migrations, as well as carry out habitat enhancement, predator control and planting to help improve the area. Holcim has a particular interest in helping to enhance penguin habitat near its Cape Foulwind quarry.

Janelle Cooke, winner of the 2007 Westport Works study award, receives her certificate from Works Manager Chris Dempsey.

Community Support

The annual Westport Works tertiary study award, of $2000 a year for each year of tertiary study, was awarded to Buller High School student Janelle Cooke, who will attend Victoria University in 2008 to start a double degree in Law and Arts, majoring in Political Science and International Relations. In her last year at high school, Janelle included a university level Anthropology paper in her studies. Janelle worked at Westport Works over the summer as part of her award. During 2007 there were five Westport students attending university supported by the award, including Rachel Townrow, who completed her five-year Law studies at the end of the year.

Shane Coutts, Holcim Cement Technical Support Manager, and Andrew Dallas, Allied Concrete, compete in the 25th anniversary Buller Marathon.

To mark the 25th anniversary of the Buller Marathon, which Holcim has sponsored for some years, the Company subsidised entry fees for staff and customers wishing to compete in the event. Teams from the West Coast, Head Office and North Island sites competed, along with staff from Allied Concrete, Fulton Hogan and Carters, joining the 3000 other marathon and half-marathon competitors.

Westport Works also sponsored activities at Buller High School, Buller Western Performance Club, Buller A&P Association, Bands on the Beach, Best of the West Awards, Sport Buller and the Buller representative team in the National Heartland competition. Known as the Holcim Buller side, the team finished a creditable fifth (out of the 12 teams) under the captaincy of Westport Works employee Clark Nelson.

Two Holcim Buller players about to wrap up an East Coast opponent.

Two teams from McDonald's Lime took part in the Oxfam New Zealand Trailwalk in April, raising over $8500 for Oxfam by completing a 100km night and day cross-country hike near Lake Taupo in just under 30 hours. It was hailed as an excellent team-building exercise for walkers and their support crew.

Provision of concrete and concrete laying for Ngaruawahia Primary School, provision of an award for Taradale High School's highest achiever in Maori, and sponsorship of the Christchurch Arts Festival are other examples of the ways in which the Company has provided support to the community throughout the year.

Environmental Sustainability

A native plant nursery established by Holcim New Zealand provides 50,000 plants a year for rehabilitation at the Cape Foulwind quarry.

Environmental Performance

Ensuring the highest level of environmental performance at all of Holcim New Zealand's sites and plants is regarded in the Company as everyone's business.

In fact "Everyone's Business" is the title of a DVD that was played to current and new employees during the year. This was to help reinforce the idea that the company's own environmental protection and management systems protect not just the workplace, but also the country and the wider community.

Peter Llewelyn presenter for the environmental DVD during filming.

Quarry rehabilitation award

More than 20 years' work, aimed at ensuring that a native forest, lake and extensive wetland is the legacy of Holcim New Zealand's Cape Foulwind quarry, was recognised with a major environmental award.

Announcing the winner of the Aggregate and Quarry Association's 2007 MIMICO Environmental Excellence Award, the judges said the project's great strength was its foundation in the Company's voluntary motivation over 20 years ago to be a good corporate citizen. Among the judges was the former Parliamentary Commissioner for the Environment Dr Morgan Williams.

The Cape Foulwind quarry provides Westport Works with its limestone and marl and is one of the largest in the country, currently yielding about one million tonnes a year. The quarry occupies about 100ha near the Works, of which about 60ha is already rehabilitated land and regenerating bush.

The quarry is in an environmentally sensitive area, on the route to the Cape Foulwind Seal Colony at Tauranga Bay, and in the 1980s was already being planted to screen the quarry view from the thousands of visitors to the colony. Even at that early stage, the vision was to create indigenous forest, lake and wetlands. In 1992, the project was put on a more scientific footing when Dr David Norton, a plant ecologist with the Canterbury University School of Forestry, analysed the project and presented a report to guide the future restoration work. This included establishing a native plant nursery to feed 50,000 plants a year into the project, and an overall plan to ensure the creation of a natural ecosystem as existed prior to human arrival and requiring minimal ongoing input.

In keeping with the long-term planning horizons of the cement and aggregate industries, full rehabilitation is expected to take up to five decades.

Before being transferred into waiting truck tankers at the Port of Westport, a checklist protocol is used to ensure the used oil's environmental security.

Used Oil Recovery Programme

Now in its eleventh year, Holcim New Zealand's Used Oil Recovery Programme (UORP) is recognised as one of the country's most successful and effective environmental security programmes. During 2007, UORP's 10-year environmental and technical achievements were reviewed in a scientific paper presented by Holcim New Zealand to the Waste Management Institute of New Zealand's annual conference, where it won the "best paper" award.

New Zealanders annually produce about 30 million litres of used oil, with secure disposal being a major environmental issue. This is because used oil - chiefly used engine and lubrication oils - is an environmental hazard, especially when it's put into landfills or burnt at low temperatures.

But the immensely high temperatures reached in firing a cement kiln make the kiln ideal for the environmentally secure disposal of used oil.

By co-processing used oil with coal to fire the cement kilns at Westport Works, Holcim New Zealand also reduces the use of non-renewable coal and lowers its energy bill. All this is achieved while staying well within the air emission levels mandated in the plant's resource consents.

A significant environmental benefit was confirmed in the award-winning paper. When compared with using coal to fire the kilns, it was found that used oil produces 17% less of the greenhouse gas carbon dioxide than coal, per unit of energy. This confirms UORP's major contribution to the ongoing reduction in the amount of carbon dioxide produced in making a tonne of cement at Westport Works.

During 2007, a record 15,400 tonnes of used oil/ships' slops were collected from around the country and transported to Westport Works. A large number of organisations, including oil companies and waste oil producers, work together to ensure collection and transport. This makes an excellent example of modern product stewardship in action.

ISO14001

Holcim New Zealand embarked on 2007 as one of the few large companies in New Zealand having all its sites and plants, including its two ships and all its quarries, accredited with ISO14001.

The final stages of the independent accreditation process came in December 2006, when the independent accreditation company Telarc declared itself satisfied that all Holcim New Zealand sites and plants were compliant with ISO14001.

Thanks to company-wide efforts over the past seven years to substantially improve Holcim New Zealand's environmental procedures and performance, accreditation took only twelve months. This was because accreditation principally involved creating a procedural form of what Holcim New Zealand had been doing for a number of years.

Into the future, Telarc will conduct annual independent audits to ensure that every site and plant sets, and meets, increasingly higher levels of environmental objectives and targets.

Being ISO14001-accredited is not a guarantee of environmental excellence – rather, it establishes the procedures and recordkeeping that must be in place to enable independent measurement of a site or plant's progress on its journey to environmental excellence.

Environmental Plan - 2007 Targets

A key part of Holcim New Zealand's Environmental Management System (EMS) is setting targets involving a number of environmental achievements. These targets are readily measurable, and usually involve independent review or external recognition.

Holcim (New Zealand) Ltd Environmental Plan 2007

Targets for 2007	Status	Details
Review Holcim New Zealand Environmental Policy	✓	New policy specifically addresses ISO14001, climate change, sustainable development, rehabilitation, and iwi consultation.
Undertake Environmental Improvements at Westport Works	✓	Environmental improvements recommended by an external auditor have been completed.
Achieve at least one external environmental award	✓	During 2007 external environmental awards were received from the Aggregate and Quarry Association and Waste Management Institute of New Zealand.
Develop an Environmental Awareness Campaign for Staff	✓	Staff training and induction programme in place. Includes DVD and training modules.
Develop a Strategy for Corporate Social Responsibility	✓	CSR Strategy completed.
Initiate Environmental Legislation Monitoring	✓	Monitoring of environmental legislation now in place.
Maintain ISO14001 Certification	✓	Triennial recertification audit completed at Westport. All sites continued with their certification.
Review Environmental Auditing Programme	✓	Regular environmental auditing schedule developed.
Zero fines and prosecutions under the Resource Management Act 1991	x	One environmental infringement notice and $1,000 fine was received from Otago Regional Council for an unauthorised discharge at Taylor's Lime in October 2007.
Develop a Group Waste Minimisation Strategy	x (Target refocused)	Focus was changed from a company-wide approach to individual business units developing their own strategies.

Regular testing of groundwater quality at Westport Works is carried out as part of ensuring good environmental management and is a requirement for the site's ISO14001 accreditation.

Emissions Trading Scheme

Holcim New Zealand strongly endorses Government's decision to establish a carbon emissions trading regime as a way to help New Zealand reduce its greenhouse gas emissions in accordance with Kyoto Protocol obligations. The company is, however, very anxious that the finalised regime will ensure production of cement and lime stays in New Zealand.

Only if there is a robust, rational and sympathetic evaluation of all the trade exposure issues will there be viable domestic industries under the regime – especially cement.

For example, in the past three years, the company has explained the industry's precarious position if CAR (competitive-at-risk) firms are not given the opportunity to gradually adapt to the carbon dioxide reduction and allocation regime. The company supports phasing out the allocation, but not by using a process that renders our industries uncompetitive for no net reduction in global emissions and consequent leakage of income, jobs and security.

Also vital for any emissions trading scheme is using comparative energy efficiency as the basis for performance measurement. In such a system, the performance of any New Zealand – energy intensive business is benchmarked against its peers. This sends a message to company boards that investment to improve emissions performance is both necessary and financially prudent.

Holcim New Zealand's detailed response to the Government's proposed emissions trading scheme is found at www.holcim.com/nz

Westport Works Air Emission Profile 2007

Westport Works Air Emission Profile 2007 - Average Specific Concentrations

(g/tonne cementitious material)	Westport Average
Nitrogen oxide	1167
Sulphur dioxide	1270
Dust	27
Volatile Organic Compounds	1.6
Mercury	0.002
(micrograms TEQ/tonne cementitious material)	
Dioxins/Furans	0.002

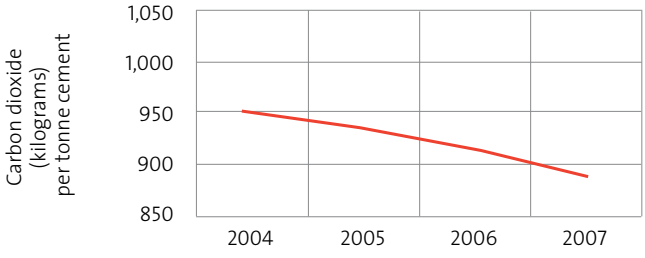
Notes:

Data presented in this table are estimates based on continuous monitoring results and annual independent monitoring from cement kiln stacks, and do not include other point sources or fugitive emissions which are difficult to estimate.

TEQ: Toxic equivalent – a sum parameter accounting for the relative toxicity of the individual dioxin and furan compounds. In cases where the measurements were below detection limit, 50% of the detection limit was set as the default value.

Average figures are adjusted to 10% oxygen and use a clinker figure in accordance with Holcim Accounting and Reporting Principles.

Carbon dioxide emissions at Westport Works



A commitment by Holcim New Zealand to lowering its CO_2 emissions contributes to achieving a target set by Holcim Ltd to reduce its global average net specific CO_2 emissions by 20% by 2010, with 1990 as the base year. Holcim Ltd is on target to achieve this goal. Holcim New Zealand has already achieved this 20% reduction target and is working towards further reductions.

Holcim New Zealand Executive Team

Left to right:	Ross Pickworth	GENERAL MANAGER - *Cement*
	Michael Batstone	COMPANY SECRETARY (Until 31 December 2007)
	Glenda Harvey	GENERAL MANAGER - *Human Resources*
	David Howie	GENERAL MANAGER - *Concrete and Aggregates*
	Jeremy Smith	MANAGING DIRECTOR
	Trevor Lau	GENERAL MANAGER - *Finance*
	John Reeves	GENERAL MANAGER - *Lime*
	Ken Cowie	CAPITAL PROJECTS MANAGER
Inset:	Lucy Taylor	LEGAL COUNSEL (From 1 January 2008)

AUDITORS

PriceWaterhouseCoopers

SOLICITORS

Anthony Harper

BANKERS

ANZ National Bank Limited

Bank of New Zealand

Citibank N.A

Westpac Banking Corporation

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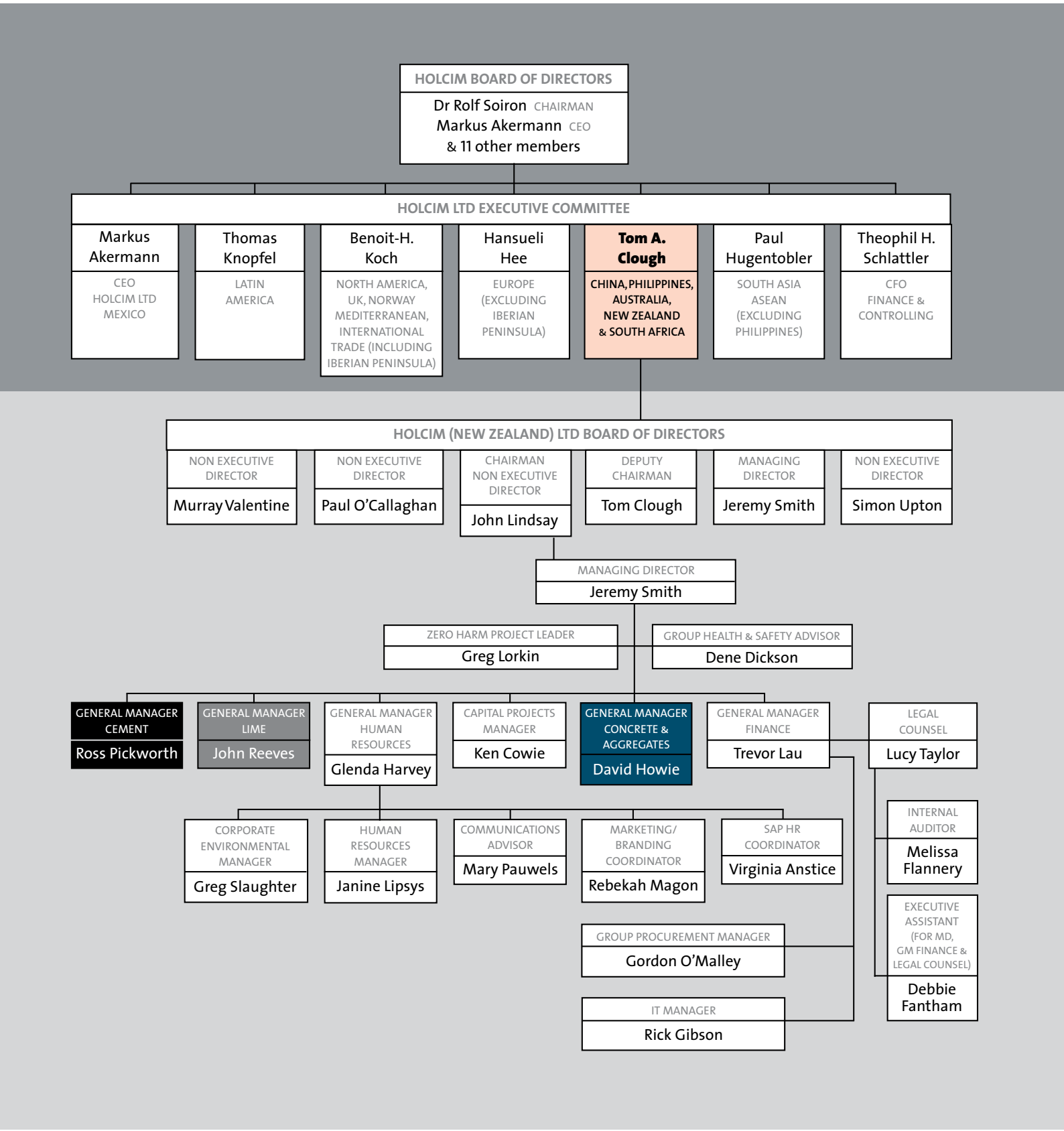
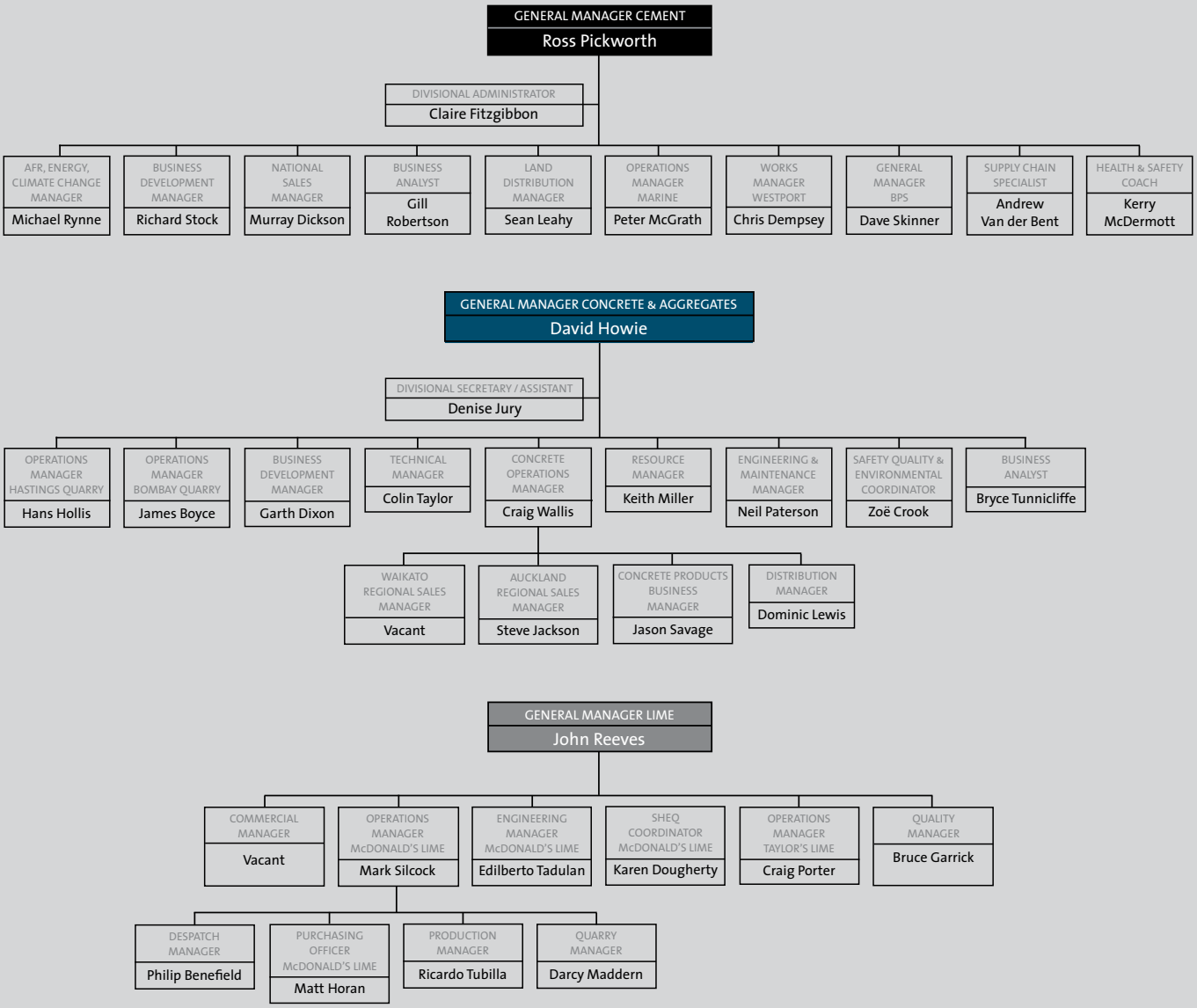
communication-nz@holcim.com
www.holcim.com/nz

As at January 2008

Company Structure





As at January 2008

Directory

Holcim (New Zealand) Ltd – Directors

John Lindsay *(Chairman)*
Tom Clough *(Deputy Chairman)*
Murray Valentine
Paul O'Callaghan
Simon Upton
Jeremy Smith *(Managing Director)*

Operating Subsidiaries – Directors

AML LIMITED

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

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

BULLER PORT SERVICES LIMITED

Jeremy Smith
Ross Pickworth
Andrew Van der Bent

100% Holcim (New Zealand) Ltd owned.
Holds management contract for Port of Westport

MCDONALD'S LIME LIMITED

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

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

HOLCIM SUPERANNUATION LTD

John Lindsay
Murray Valentine

100% Holcim (New Zealand) Ltd owned. Trustee of Holcim (New Zealand) Ltd's Superannuation Scheme

MILLBROOK QUARRIES LTD

Jeremy Smith
David Howie
Stephen Dodd
Phillip Schmidt

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

DISTRIBUTION MAP - NEW ZEALAND

Holcim

www.holcim.com/nz