Strength. Performance. Passion.

Annual Report 2008 Holcim Ltd

Elbe Philharmonic Hall, Hamburg. © Herzog & de Meuron Architects

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Holcim is one of the world's leading producers of cement and aggregates. The Group also supplies ready-mix concrete, concrete products, asphalt and a range of services. Holcim operates in more than 70 countries and employs some 85,000 people.

Holcim is more globally spread than any other building materials group and with 2,000 locations throughout the world has a large footprint. Geographic diversification contributes to earnings stability within the Group. Holcim aims to expand its solid market position further in developing and mature markets alike.

Founded in Switzerland in 1912, Holcim is committed to setting global industry standards not only in production and distribution but also in environmental and social responsibility. The local Group companies focus on optimum customer service, which includes innovative product-specific solutions.

Holcim was named "Leader of the Industry" in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive time in 2008 and is recognized as the company with the best sustainability performance in the building material industry. This recognition confirms that Holcim systematically addresses key industry issues with regard to sustainable development. The Group's recycling strategy, its dialogue with stakeholder groups as well as human resources development were among the areas singled out for top scores in the DJSI.

Key figures Group Holcim

		2008	2007	±%	±% like-for-like
Annual cement production capacity	million t	194.4	197.8	–1.7	+0.8
Sales of cement	million t	143.4	149.6	–4.1	–0.2
Sales of mineral components	million t	4.8	5.5	–12.7	–9.1
Sales of aggregates	million t	167.7	187.9	–10.8	–12.3
Sales of ready-mix concrete	million m^3	48.5	45.2	+7.3	+3.8
Sales of asphalt	million t	13.5	14.8	–8.8	–8.8
Net sales	million CHF	25,157	27,052	–7.0	+4.3
Operating EBITDA	million CHF	5,333	6,930	–23.0	–10.1
Operating EBITDA margin	%	21.2	25.6		
EBITDA	million CHF	5,708	8,468	–32.6	
Operating profit	million CHF	3,360	5,024	–33.1	–19.4
Operating profit margin	%	13.4	18.6		
Net income	million CHF	2,226	4,545	–51.0	–44.0
Net income margin	%	8.8	16.8		
Net income – equity holders of Holcim Ltd	million CHF	1,782	3,865	–53.9	–48.0
Cash flow from operating activities	million CHF	3,703	5,323	–30.4	–18.8
Cash flow margin	%	14.7	19.7		
Net financial debt	million CHF	15,047	12,873	+16.9	+32.3
Funds from operations[1]/net financial debt	%	28.0	50.2		
Total shareholders' equity	million CHF	17,974	21,945	–18.1	
Gearing[2]	%	83.7	58.7		
Personnel	31.12.	86,713	89,364	–3.0	–2.8
Earnings per dividend-bearing share[3]	CHF	6.82	14.86	–54.1	
Fully diluted earnings per share[3]	CHF	6.81	14.73	–53.8	
Total dividend	million CHF	594[4]	868	–31.6	
Dividend per share	CHF	2.25[4]	3.30	–31.8	

Principal key figures in USD (illustrative)[5]

		2008	2007	±%
Net sales	million USD	23,294	22,543	+3.3
Operating EBITDA	million USD	4,938	5,775	–14.5
Operating profit	million USD	3,111	4,187	–25.7
Net income – equity holders of Holcim Ltd	million USD	1,650	3,221	–48.8
Cash flow from operating activities	million USD	3,429	4,436	–22.7
Net financial debt	million USD	14,195	11,392	+24.6
Total shareholders' equity	million USD	16,957	19,420	–12.7
Earnings per dividend-bearing share[3]	USD	6.31	12.38	–49.0

Principal key figures in EUR (illustrative)[5]

		2008	2007	±%
Net sales	million EUR	15,822	16,395	–3.5
Operating EBITDA	million EUR	3,354	4,200	–20.1
Operating profit	million EUR	2,113	3,045	–30.6
Net income – equity holders of Holcim Ltd	million EUR	1,121	2,342	–52.1
Cash flow from operating activities	million EUR	2,329	3,226	–27.8
Net financial debt	million EUR	10,099	7,755	+30.2
Total shareholders' equity	million EUR	12,063	13,220	–8.8
Earnings per dividend-bearing share[3]	EUR	4.29	9.01	–52.4

[1] Net income plus depreciation, amortization and impairment.

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

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

[4] Proposed by the Board of Directors.

[5] Income statement figures translated at average rate; balance sheet figures at year-end rate.

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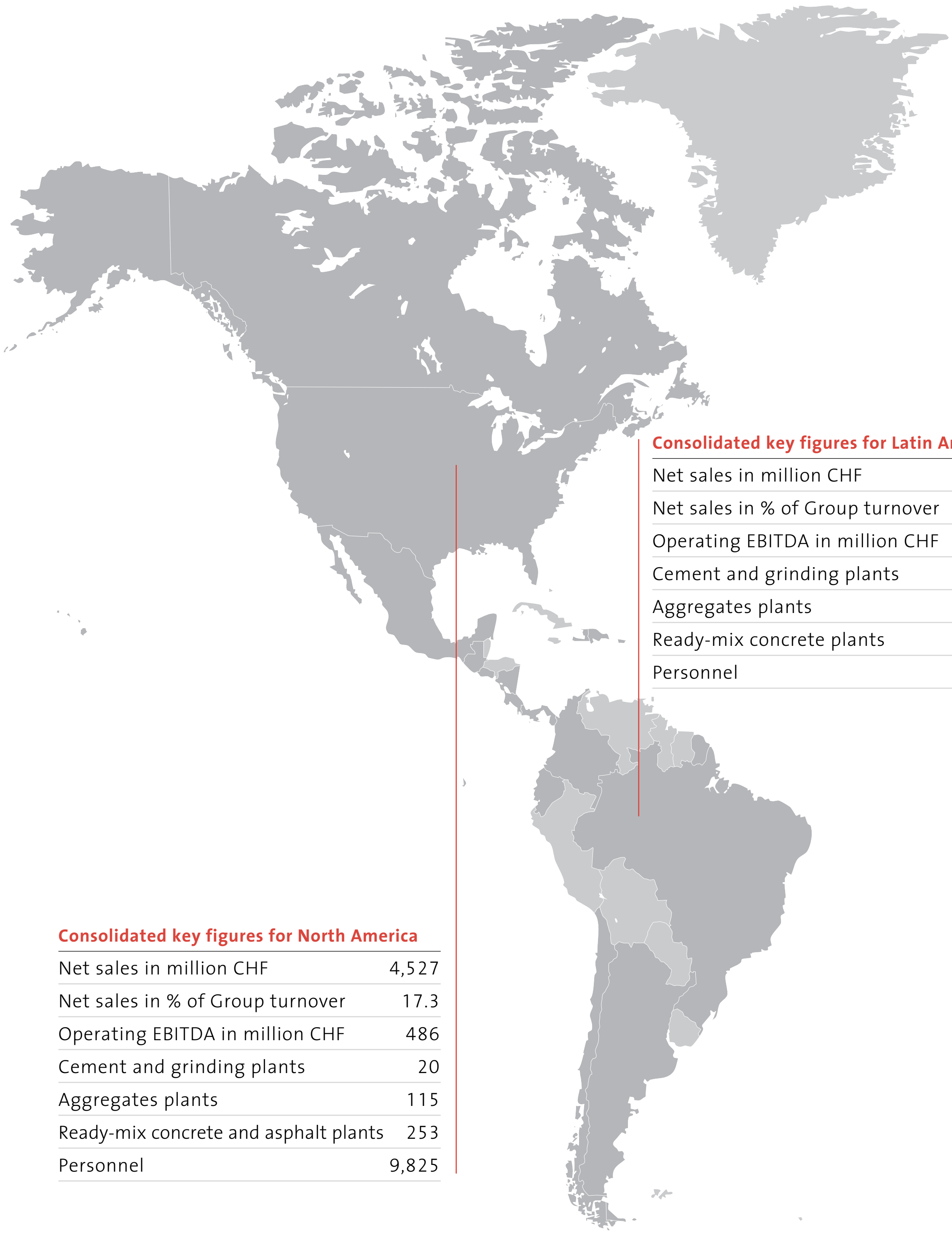
The German version is binding.

The wide-reaching network of companies around the globe provides for stable revenue streams.
Global balancing functions even during difficult times.



Consolidated key figures for Latin America

Net sales in million CHF	4,170
Net sales in % of Group turnover	15.9
Operating EBITDA in million CHF	1,194
Cement and grinding plants	27
Aggregates plants	26
Ready-mix concrete plants	231
Personnel	13,548

Consolidated key figures for North America

Net sales in million CHF	4,527
Net sales in % of Group turnover	17.3
Operating EBITDA in million CHF	486
Cement and grinding plants	20
Aggregates plants	115
Ready-mix concrete and asphalt plants	253
Personnel	9,825

Consolidated key figures for Europe

Net sales in million CHF	10,043
Net sales in % of Group turnover	38.3
Operating EBITDA in million CHF	2,003
Cement and grinding plants	39
Aggregates plants	262
Ready-mix concrete and asphalt plants	685
Personnel	23,557

Consolidated key figures for Asia Pacific

Net sales in million CHF	6,109
Net sales in % of Group turnover	23.3
Operating EBITDA in million CHF	1,495
Cement and grinding plants	51
Aggregates plants	7
Ready-mix concrete plants	147
Personnel	36,196

Consolidated key figures for Africa Middle East

Net sales in million CHF	1,354
Net sales in % of Group turnover	5.2
Operating EBITDA in million CHF	368
Cement and grinding plants	14
Aggregates plants	5
Ready-mix concrete and asphalt plants	26
Personnel	2,477

Cement

Profile

Cement is manufactured through a large-scale, complex and capital-intensive process. At the core of the production process is a rotary kiln, in which limestone and clay are heated to approximately 1,450 degrees Celsius. The semi-finished product, called clinker, is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine powder – traditional Portland cement. Other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan and limestone are added in order to modify the properties of the cement. Holcim offers customers a very wide range of cements and also develops customized solutions for special applications.

Developments

Cement sales dropped by 4.1 percent to 143.4 million tonnes in 2008. In addition, 4.8 million tonnes of other mineral components were sold. The decrease in sales was primarily due to a marked decline in construction activity in the US and Spain. In terms of volume, Group region Latin America reported an increase, followed by Asia Pacific. Like-for-like (i.e. factoring out changes to the scope of consolidation) Group region Africa Middle East had satisfactory growth, with significantly more cement sold. Asia Pacific maintained the previous year's levels.

Aggregates

Profile

Aggregates include crushed stone, gravel and sand. The production process centers around quarrying, preparing and sorting the raw material as well as quality testing. Aggregates are mainly used in the manufacturing of ready-mix concrete, concrete products and asphalt as well as for road building and railway track beds. The recycling of aggregates from concrete material is an alternative that is gaining importance at Holcim.

Developments

In the aggregates segment, deliveries declined by 10.8 percent to 167.7 million tonnes. The Group recorded a decline in demand in Group regions Europe and North America, with the UK, Spain and the US particularly down. Deliveries were higher in Latin America, Asia Pacific and, on a like-for-like basis, in Africa Middle East. In September 2008, the Group acquired eight quarries and a nearly completed quarry project from Tarmac Iberia in Spain.

Other construction materials and services

Profile

Globally, concrete is the second most consumed commodity by volume after water. One cubic meter consists of approximately 300 kilograms of cement, 150 liters of water and 2 tonnes of aggregates. Concrete is a very environmentally friendly energy-efficient building material. Asphalt is a bituminous construction material used primarily for road paving. It consists mainly of aggregates of differing grain size. Holcim's service offering also includes construction services and international trading.

Developments

Sales of ready-mix concrete rose by 7.3 percent to 48.5 million cubic meters. The strongest growth was seen in Asia Pacific and Latin America – particularly in the major conurbations. With few exceptions, Group companies in Europe and Africa Middle East delivered more ready-mix concrete. Ready-mix concrete volume growth was negative in North America. Overall, asphalt sales were down.

Consolidated key figures for cement in 2008

Production capacity cement in million t	194.4
Cement and grinding plants	151
Cement sales in million t	143.4
Net sales[1] in million CHF	16,248
Operating EBITDA[1] in million CHF	4,442
Personnel	56,282

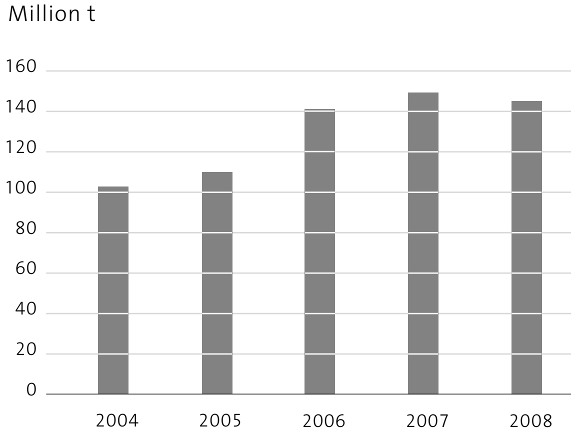
[1] Includes all other cementitious materials.

Consolidated key figures for cement 2008 per region[1]

Europe	33.7 million t
North America	14.4 million t
Latin America	27.2 million t
Africa Middle East	9.7 million t
Asia Pacific	65.6 million t

[1] Intra-region sales. –7.2 million t

Sales of cement



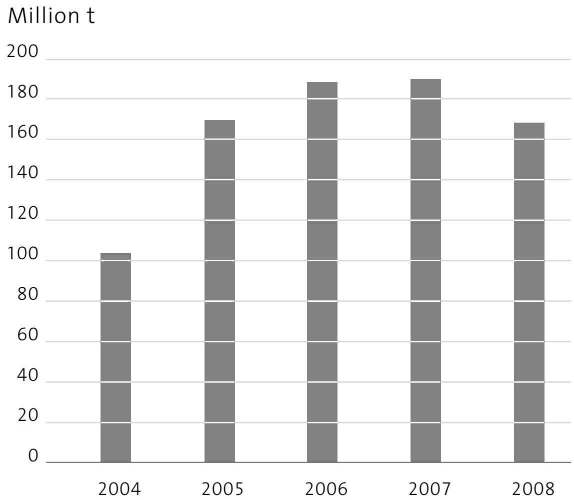
Consolidated key figures for aggregates in 2008

Aggregates plants	415
Sales of aggregates in million t	167.7
Net sales in million CHF	2,518
Operating EBITDA in million CHF	490
Personnel	6,369

Consolidated key figures for aggregates 2008 per region

Europe	97.6 million t
North America	49.3 million t
Latin America	13.4 million t
Africa Middle East	2.7 million t
Asia Pacific	4.7 million t

Sales of aggregates



Consolidated key figures for other construction materials and services in 2008

Ready-mix concrete plants	1,217
Asphalt plants	125
Sales of ready-mix concrete in million m^3	48.5
Sales of asphalt in million t	13.5
Net sales in million CHF	9,419
Operating EBITDA in million CHF	401
Personnel	23,692

Sales of ready-mix concrete

Symbol of a new departure in Hamburg and an impressive combination of tradition and innovation: the Elbe Philharmonic Hall built to the plans of the Swiss architects Herzog & de Meuron, with building materials from Holcim.

The Elbe Philharmonic Hall Hamburg

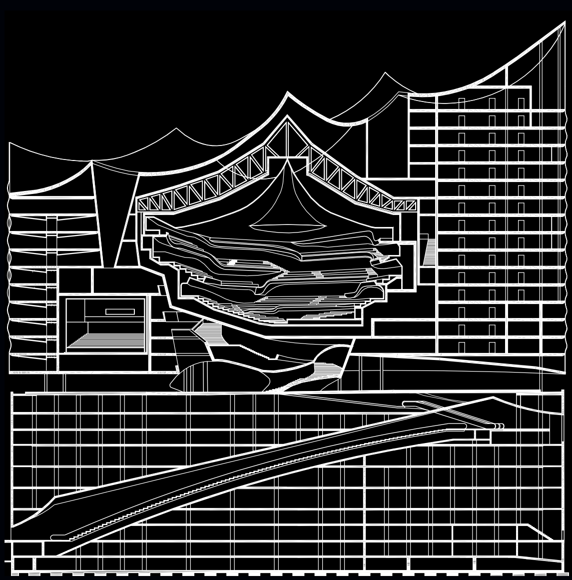
A beacon of culture

A new landmark is being created in the port of the Hanseatic city of Hamburg: the Elbe Philharmonic Hall. Holcim is closely involved – with a wealth of experience and over 30 different types of concrete, it is helping to make this spectacular vision of a music and meeting place a reality.

© Herzog & de Meuron

The new complex combines two architectures: the traditional of the old Kaispeicher warehouse and the elegance of the new philharmonic hall.

At the tip of the Kaiserkai in the port of Hamburg, a great project is coming into being – great in every sense. Work is pushing ahead at full steam on this massive building site. The Elbe Philharmonic Hall will soon tower to a height of 110 meters spanning over 5,800 square meters. An impressive sight in a city that to date has always built vertically. The plan for the new building, which is to be ready by 2012, is also impressive. Where cocoa beans were once off-loaded, one of the world's premiere concert halls – the Elbe Philharmonic Hall – is being erected.



People are in the foreground: the large concert auditorium reflects the philosophy of Herzog & de Meuron.

Symbol of a new departure

The Elbe Philharmonic Hall was designed by the world-famous Swiss firm of architects Herzog & de Meuron. It stands for a new departure: the Elbe Philharmonic Hall is part of an ambitious urban expansion project – HafenCity Hamburg – that will showcase culture, and it also stands for a combination of past and present. The new complex combines two architectures: the calm, tangibly simple form of the old Kaispeicher warehouse from the year 1966 and above it the curved elegance of the new philharmonic hall. The two styles harmonize so well, as is fitting for a concert hall. Together, they look like a crystal set on a plinth. The crystal is constantly changing its appearance, catching the reflections of the sky, the water and the city, merging them into a picture puzzle of the surroundings.

Concert hall, hotel, meeting place

The spatial program of the Elbe Philharmonic Hall is as varied as the building's exterior. In addition to the large concert auditorium with 2,150 seats, there are two smaller concert halls, plus a hotel and 47 apartments. The entrances to the concert halls and the hotel lobby are centered on the Plaza, which is a public space with a covered terrace, restaurants and cafés. The focus of the Elbe Philharmonic Hall, though, is the large concert auditorium. Traditional concert auditoriums place the audience in the background and put the musicians on a pedestal. In the Elbe Philharmonic Hall, in contrast, all those present shape the space. Herzog & de Meuron have thus translated the philosophy which guided their designs of sports stadiums into the idiom of the music world. The concept was defined by a dialogue between the public and the musicians. Christoph Lieben-Seutter, the General Director of the Elbe Philharmonic Hall, is convinced: "The new design is certainly a challenge for acoustic engineers, but it is definitely a big advance for concertgoers."

Careful planning the key to success

At this moment, the question of the "audience" is still far in the future because until 2011 the only "music" heard at the tip of the Kaiserkai will be the sounds of the concrete mixers and cranes. The concrete will be delivered by an association of suppliers. The construction of this top-notch philharmonic hall is a tremendous challenge for everyone involved. This was clearly an argument in favor of working with Holcim, says Dr. Thomas Möller, who is Chairman of the Management Board of HOCHTIEF Construction AG, which is a member of the investors' syndicate. "Holcim has the necessary experience and can be relied on to rise to the challenge of large orders", explains Möller, who

© Herzog & de Meuron

has witnessed at first hand the strengths of Holcim on other projects. Since careful planning is essential for success in a project on this scale, Holcim was involved in the project planning a year before construction began. The challenges are still significant despite careful spadework. Holcim's Fred Goeda, responsible for coordinating major concreting work, explains: "For example, space on the Kaiserkai is at a premium." The site is right at the very end of a headland and there is only one road leading in and out – a real nightmare for logistics.

> "The Kaispeicher is a place that the people of this Hanseatic city knew but took hardly any notice of. In future, people from all over the world will enjoy the new perspective of the city from the 37-meter high Plaza."
>
> **Pierre de Meuron, Architekt**

The Plaza is a meeting place and a platform offering spectacular panoramic views of the city of Hamburg and its port area.

Concrete plant right next door

The concrete is sourced mainly from the HafenCity concrete facility, which Holcim Beton und Zuschlagstoffe GmbH built at the so-called Africa Terminal. The location of the plant, which opened in 2007, is nothing less than ideal. It is just a kilometer away from the HafenCity urban development project with its multitude of huge building sites. The short transport routes are easy on the environment and ensure excellent delivery reliability regardless of the momentary traffic situation in the city of Hamburg. The plant is also optimally equipped, with a broad portfolio of special concretes for particularly demanding construction projects. For instance, 1,500 cubic meters of a high-strength concrete (C80/95) are also being delivered. Thanks to the use of state-of-the-art IT systems to regulate production and scheduling, it can produce 1,200 cubic meters of concrete daily. If necessary, the plant can run nights and weekends too. Since the HafenCity ready-mix concrete plant was not a new site but the retrofitting of an existing facility, the investment costs were relatively modest. The concrete plant will remain in operation at the Africa Terminal probably until 2012, when it will be dismantled as a new zone is developed as part of the urban expansion project.

Work is phased around the clock – that is why many concrete deliveries take place at night or on the weekend.

Over 30 kinds of concrete

All together, 63,000 cubic meters of concrete will be produced for the Elbe Philharmonic Hall: 12,000 for the foundations and 51,000 for the building fabric. For this quantity, over 30 different, top-quality types of concrete are needed, in precisely metered batches. The concrete types differ as to firmness, consistency, setting properties and resistance to erosion. Facing concrete accounts for about one third of the total volume. The architects wished to have a light-colored concrete surface, so Holcim Beton und Zuschlagstoffe GmbH is using the blast furnace cement Holcim-Duo 4 for the facing concrete, adding high-quality round gravel instead of crushed stone. This reduces dust, optimizes the surface quality, and improves pumpability in particular over stretches of more than 100 meters. Fred Goeda is confident: "We can supply the best material. After all, Holcim has its own gravel quarries and extremely reliable quality control – we make use of all the strengths of our group."

Fred Goeda, Holcim site coordinator, and Peter Kaiser, senior site supervisor of HOCHTIEF: planning of this cooperation started a year before construction.

Built especially for the Elbe Philharmonic Hall project: the Holcim concrete plant HafenCity.

The Elbe Philharmonic Hall building site is spectacular and demanding. The new cultural center and meeting place is situated at the end of a headland. During construction, concrete is delivered almost around the clock, frequently at night or on the weekend. This demands the perfect logistics capability that Holcim, as a reliable partner with a wealth of experience, has helped to develop.

During difficult economic times, acting quickly is key to success. Holcim is placing its confidence in its crisis-proven management, its strong balance sheet and global cost-cutting and efficiency enhancement programs.

Dear Shareholders

In 2008, a long phase of higher-than-average economic growth rates came to an unexpectedly abrupt end. During the course of the year, the real estate crisis which began in the US triggered severe disruptions in the global financial sector which are now also being felt in the real economy. The fourth quarter saw a marked deterioration in the situation in Europe and North America in particular.

Holcim is holding its own in a difficult environment
The sharp economic slowdown has led to a recession both in North America and in parts of Europe, with the construction sectors of the US, Spain and the UK severely affected. Even though the global economy further lost momentum in the second half of the year, trends in the growth markets of Latin America, Africa, Asia and Eastern Europe were predominantly positive.

Even under these more difficult conditions, Holcim has held up well in 2008 with a full-year operating EBITDA of CHF 5.3 billion.

Europe once again made the largest contribution to the results. The Group companies in Central and Eastern Europe showed growth compared with the previous year, as did Garadagh Cement in Azerbaijan. In contrast, Holcim saw marked declines in its business in Russia and France, particularly in the fourth quarter. Holcim suffered its biggest setback in North America, where operating EBITDA was halved in comparison with 2007. Latin America posted good results, despite some deterioration in performance during the last three months of 2008, partly because of currency factors. Group region Africa Middle East also fared well thanks to strong construction activity in Morocco and Lebanon. The second largest contribution to EBITDA was made by Asia Pacific, due in large part to the results coming from the two Indian Group companies. Holcim Indonesia also experienced substantial growth.

Holcim's solidity is accentuated by the fact that the Group generated free cash flow of some CHF 2.6 billion in 2008. Thanks to a cautious financial policy, strong cash flow and strict management of net current assets, Holcim's liquidity at the end of 2008 remained at a high level of CHF 5.6 billion. In combination with a strong balance sheet, this has served to maintain our solid rating.

Holcim has reacted quickly to a changing environment
The crisis in the construction sector has made plant closures and cost-cutting programs unavoidable. Throughout the Holcim Group, fixed costs were proactively adjusted in response to declining demand. In the markets most critically affected, more than 100 production locations across all segments were shut down. These include the three cement plants in the US and Spain that were permanently closed. To minimize the impact on its people, Holcim is seeking where possible to achieve the job cuts by means of palliative measures such as natural attrition or early retirement.

Well prepared for the future

It is uncertain for how long the weakness in demand will last. Nevertheless, Holcim remains confident based on a worldwide market presence, a portfolio of proven and innovative products and a low-impact and cost-conscious management of resources and energy. Above all, the Group can rely on a management which has been crisis-proven. The employees of Holcim will also continue to give their best during these difficult times.

Holcim will constantly review capacities in all segments and close more operations, if only temporarily, as demand should necessitate. Thus, the plants of Artesia and Mason City in North America will be additionally mothballed.

With the exception of strategically important expansions in growth markets and the completion of the plant on the Mississippi – in total approximately 25 million tonnes of cement capacity – no further new capital investments will be made to increase capacity. Additionally, spending on replacement and rationalization is presently being reduced to a minimum. A focused adjustment of fixed costs is in progress in all areas at the Group and the Group company level.

This lower investment activity combined with financing measures both at the Group and the Group company level in the last few months, Holcim has succeeded in maintaining a high level of liquidity. We will continue the systematic implementation of this strategy and expect that, by year end, Group debt will remain at the previous year's level on a like-for-like basis.

Environmental and social responsibility

Even amid the current turmoil, Holcim is standing by the principles of environmental and social responsibility.

In the 2008 Dow Jones Sustainability Index, Holcim was designated "Leader of the Industry" for the fourth year in succession and received, for the second time, the "Sector Leader" and "SAM Gold Class" accolades of the Sustainable Asset Management Group (SAM) in cooperation with PricewaterhouseCoopers. The partnership with the International Union for Conservation of Nature (IUCN) on the preservation of ecosystems has proven valuable and represents another step to sustainable economic activity. Holcim also makes a contribution toward sustainable construction through the Holcim Foundation for Sustainable Construction. In the current 2007 to 2009 competition cycle, 5,000 construction projects from around the world were submitted. This spring, an independent jury will award prizes to the three best sustainable construction projects selected from 15 regional winners.

Health and safety at work were systematically pursued under the slogan "Passion for Safety". There are clear indications of improvements. The Board of Directors and the Executive Committee are making every effort to ensure that a comprehensive safety culture is effectively practiced throughout the Group.

Great demands are placed on employees of all levels, particularly during difficult times. Now and more than ever, Holcim needs its employees to stand by the company and demonstrate active commitment. The high degree of dedication shown by our employees is not something that Holcim takes for granted and it requires our recognition. The Board of Directors and the Executive Committee would like to sincerely thank all employees.

Standing by our established dividend policy

Holcim has a policy of distributing one third of consolidated profit attributable to the shareholders of Holcim Ltd (CHF 1.8 billion in 2008) as a dividend. The Board of Directors has decided to maintain the payout ratio at this level. However, due to the difficult economic situation, the uncertainty over the future trend of the economy and the need to preserve liquidity, the proposal at the general meeting will be to pay the dividend in shares rather than in cash. Each shareholder will receive one tradable subscription right for every registered share held. Twenty subscription rights will entitle the holder to one share, which will be entitled to the dividend for the full 2009 financial year. The Board of Directors is convinced that this proposal is in the best interests of the company and its shareholders.

Outlook for 2009

2009 will be another difficult year for the construction and building materials sectors. Although government support programs have been announced, we have to expect a further decline in demand. However, it is clear that our industry will particularly benefit from an economic upswing.

Holcim offers the right products and services, and its corporate culture is customer-oriented. We are well positioned in all important markets. We give a high priority to a solid balance sheet and a high level of liquidity. We are convinced that we can emerge from the current economic cycle stronger than before, and that the “post-crisis Holcim” will be a better company than the “pre-crisis Holcim”.

In the absence of key forecast data on the trend of the global economy, the Board of Directors and the Executive Committee refrain from communicating any predictions about the Group's performance in 2009. The focus will be on rigorous cost management and maximizing cash flow generation. Holcim's main objective is to preserve the financial stability of the Group.

Rolf Soiron
Chairman of the Board of Directors

Markus Akermann
Chief Executive Officer

March 4, 2009

Key success factors

Holcim's long-term strategy needs to prove itself even in a difficult economic environment. The Group responds rapidly to new situations and adjusts capacity in a targeted manner. In this environment, free cash flow and a strong balance sheet are very important.

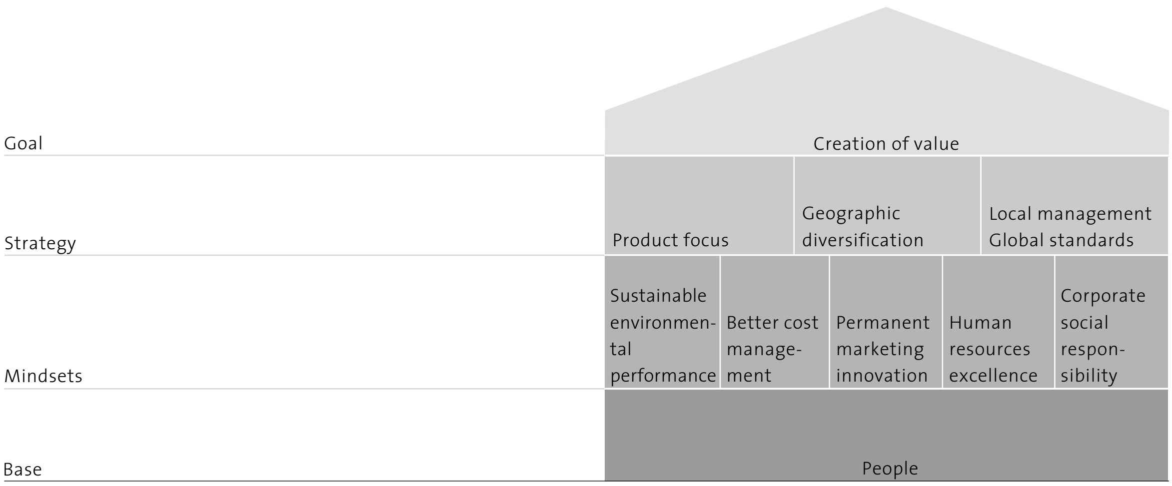
A proven strategy
The strategy of the Group is based on three pillars: focusing on the core business, geographical diversification and balancing business responsibility between local and global leadership. The concentration of forces and funds is proving essential particularly during difficult economic times.

Cement and aggregates as the basis
Holcim is one of the world's leading building materials groups. Our success over a period of decades is founded on a clear product strategy. At its heart is the production and distribution of cement and aggregates which are key basic materials for the construction industry. The main focus of investment activities and value creation efforts is the processing of natural resources. This is highly capital-intensive and commits assets over the long term.

The extraction of large quantities of raw materials, the operation of capital-intensive cement plants and the distribution of building materials to a local or regional market requires a strong local presence in the relevant areas and an awareness of the related responsibility.

In times of recession, previous expansion plans are reviewed in detail to verify their future potential to generate value. Despite this year's noticeable decline in demand, the Board of Directors and the

Central pillars of value creation



Creating added value is Holcim's paramount objective, an objective that is based on the three strategic pillars and determines guidelines in the functional sectors. The most important foundation on which everything rests is a workforce that gives its best on a daily basis.

Executive Committee have decided – apart from a small number of cutbacks – to continue until 2011 with the expansion program announced at the beginning of 2008. This is due to the fact the current expansion projects are focused on the growth markets of Asia, Latin America, Russia and Azerbaijan. However, new investments have been put on hold for the time being.

From a longer term point of view, the Group is focusing on the establishment and expansion of cement production in the emerging markets, where around 75 percent of cement capacity is currently located.

As an economy matures, vertical integration becomes more significant. The ready-mix concrete business is established first in major urban centers. In more mature markets, the range of products is even more diversified and includes aggregates, asphalt and concrete products. Because of the high degree of regulation in industrialized nations, it is also strategically important to secure high-grade raw material reserves.

Global presence

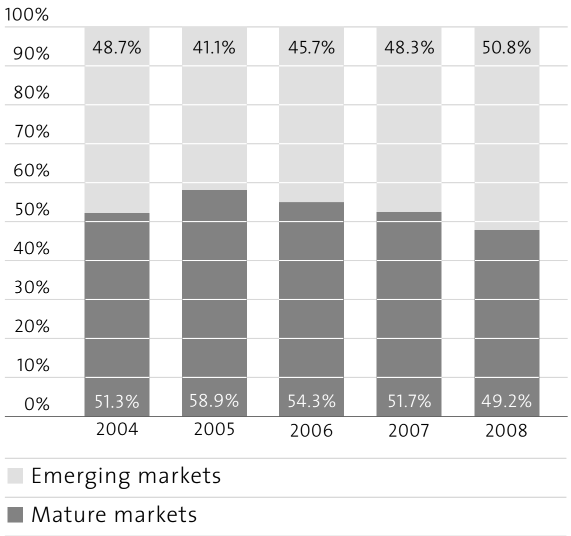
Holcim is a globally active company. The Group operates in more than 70 countries, employs a workforce of some 85,000 and has production facilities at over 2,000 locations. Falling demand has meant that several Group companies have reduced staff and further cuts are possible.

A significant advantage of geographical diversification is that it stabilizes earnings by balancing cyclical fluctuations in individual markets. Our stable revenue streams confirm that this compensatory effect still functions even during difficult times.

Net sales per region	2008		2007	
Million CHF				
Europe	10,043	38.3%	10,401	37.3%
North America	4,527	17.3%	5,365	19.2%
Latin America	4,170	15.9%	4,010	14.4%
Africa Middle East	1,354	5.2%	1,831	6.6%
Asia Pacific	6,109	23.3%	6,292	22.5%

In 2008, the emerging markets in Eastern and Southeastern Europe, Latin America, Africa, the Middle East and Asia accounted for 50.8 percent of Group net sales.

Net sales mature versus emerging markets



The turbulence in the financial sector and the surge in the cost of energy and other key resources increasingly slowed the real economy during the course of the year. The impact of this downturn on the construction materials markets of the individual Group regions varied. The US, the UK and Spain in particular saw massive falls in demand for construction materials, while our Group companies in Eastern and Southeastern Europe and Azerbaijan enjoyed positive developments. Most Group companies in Latin America and Group region Africa Middle East presented good results. Some Group companies in Asia Pacific were also able to improve their sales significantly.

Capacity expansion strengthens market position

Although demand for building materials is cyclical, underlying demand for our products will continue to increase because of population growth and rising expectations. Many countries have major quantitative and qualitative deficits in their infrastructure and housing sectors. Holcim intends to continue to share in this future market growth.

During the year under review, Holcim commissioned 1.5 million tonnes of cement capacity Group-wide. As of the end of 2008, Holcim also has capacity expansion projects underway involving 25.9 million tonnes. By the end of 2011, plant expansions and new facilities will have increased Group capacity to around 218 million tonnes of cement. In this way, the Group is creating a solid foundation for future growth. The additional capacity meets the highest technological standards in terms of costs and environmental efficiency. In many cases, the new capacity is being built at existing plant locations, where Group companies already have robust market positions and guaranteed reserves of raw materials.

Holcim expects the expansion of production (see table below), costing CHF 6.5 billion, to result in an additional EBITDA contribution of around CHF 950 million a year as of 2012; CHF 470 million per year already from 2010.

Approved capacity expansion within the Group in million tonnes 2009 to 2012*

Projects	2009	2010	2011	2012	Total
Holcim France Benelux	0.6				0.6
Holcim Romania	0.6				0.6
Alpha Cement (Russia)		2.1			2.1
Garadagh Cement (Azerbaijan)			1.7		1.7
Further projects in Europe	0.3	0.4			0.7
Total Europe	**1.5**	**2.5**	**1.7**		**5.7**
Holcim US	4.0				4.0
Total North America	**4.0**				**4.0**
Holcim Apasco (Mexico)		1.6			1.6
Further projects in Latin America	1.0				1.0
Total Latin America	**1.0**	**1.6**			**2.6**
Further projects in Africa Middle East	1.2				1.2
Total Africa Middle East	**1.2**				**1.2**
ACC (India)	1.2	5.1			6.3
Ambuja Cements (India)	6.0				6.0
Further projects in Asia Pacific	0.1				0.1
Total Asia Pacific	**7.3**	**5.1**			**12.4**
Total Group	**15.0**	**9.2**	**1.7**		**25.9**

* Status as at March 4, 2009.

Despite the energy-intensive nature of cement manufacturing, concrete is an environmentally friendly building material

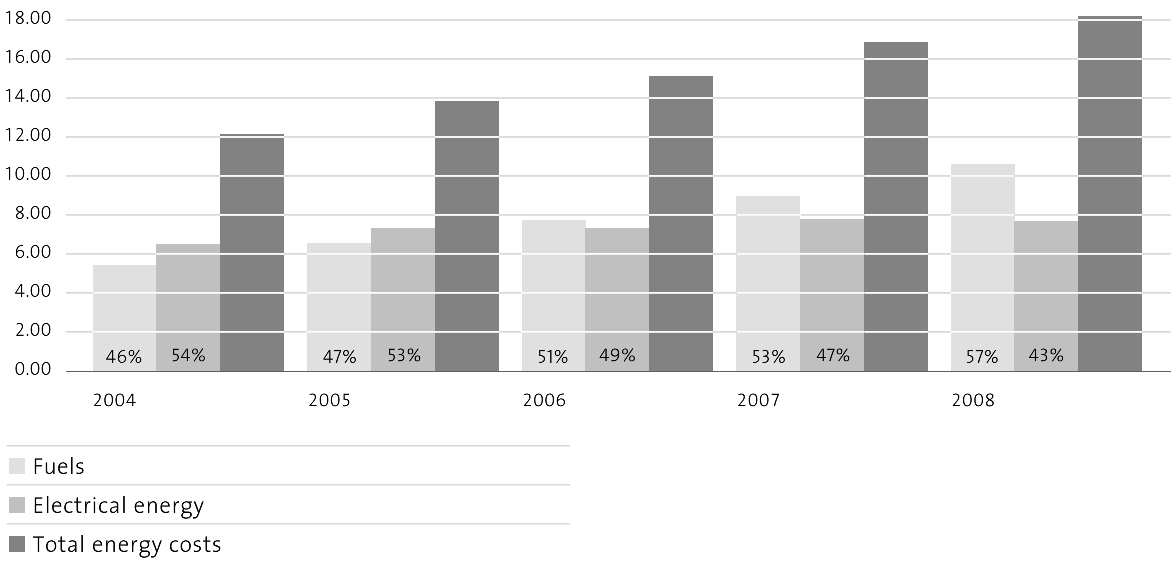
The raw materials – limestone, clay or marl – are heated to 1,450 degrees Celsius in a rotary kiln. The result is a hydraulically active clinker. Various mineral substances are then added to this intermediate product before it is refined into cement by means of a grinding process. Coal, petcoke, gas and alternative fuels are normally used for the combustion process, while the cement grinding process is powered by electricity. To date, there is no more efficient method for producing cement in bulk and to consistent quality standards.

The various sources of energy account for around 40 percent of production costs. Sharp fluctuations in energy prices therefore have a direct impact on the income statement. In 2008, the Group's expenditure on energy averaged CHF 18.34 per tonne of cement. After adjustment for exchange rate factors, this represents a year-on-year rise of 20.1 percent. For several months, India was affected by coal shortages which led to supply bottlenecks in the cement industry.

To counter the rise in energy costs, Holcim firmly believes in the use of alternative fuels and a reduction in the proportion of clinker in cement and is a leader in both areas. In addition, innumerable measures have been taken to increase plant efficiency. This also improves the Group's energy efficiency scorecard.

Despite the energy-intensive nature of cement manufacturing, concrete, the end product, is a very eco-friendly and energy-efficient building material since one cubic meter of concrete weighing around 2.4 tonnes only contains around 300 kilograms of cement; the remainder consisting of aggregates, water and concrete chemicals. Modern infrastructure would not be possible without concrete. Over its full life cycle, the built environment accounts for some 40 percent of the world's energy consumption – mainly in the form of heating and cooling needs. Overall, the proportion of energy attributable to concrete as a building material is small.

Energy costs per tonne of cement in CHF

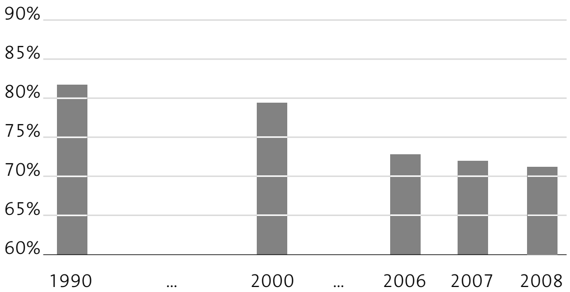


Innovative products for an extended customer base

Holcim is stepping up the pace of innovation along the entire value chain. Increasingly, tailor-made solutions are being offered to make sure that the product range meets customer needs at the local level. In order to exploit our potential, Holcim has standardized all key corporate processes. This allows local management to concentrate on market and cost leadership, on basic and advanced training for senior managers and staff and on developing relations at local level.

Holcim is committed to using new building materials that are more competitive and sustainable than other products and is therefore stepping up its use of composite cements containing special mineral components in addition to clinker and gypsum. Across the Group, the proportion of overall sales taken up by composite cements has continued to rise over the past few years: at the end of 2008, they accounted for more than 70 percent, whereas traditional Portland cement accounts for less than 30 percent. Product innovation, in combination with targeted services, is also helping customers to achieve progress in terms of productivity gains.

Clinker factor[1]



% of clinker in cement

[1] The clinker factor is an interim figure and will be updated and published on our website by mid-2009.

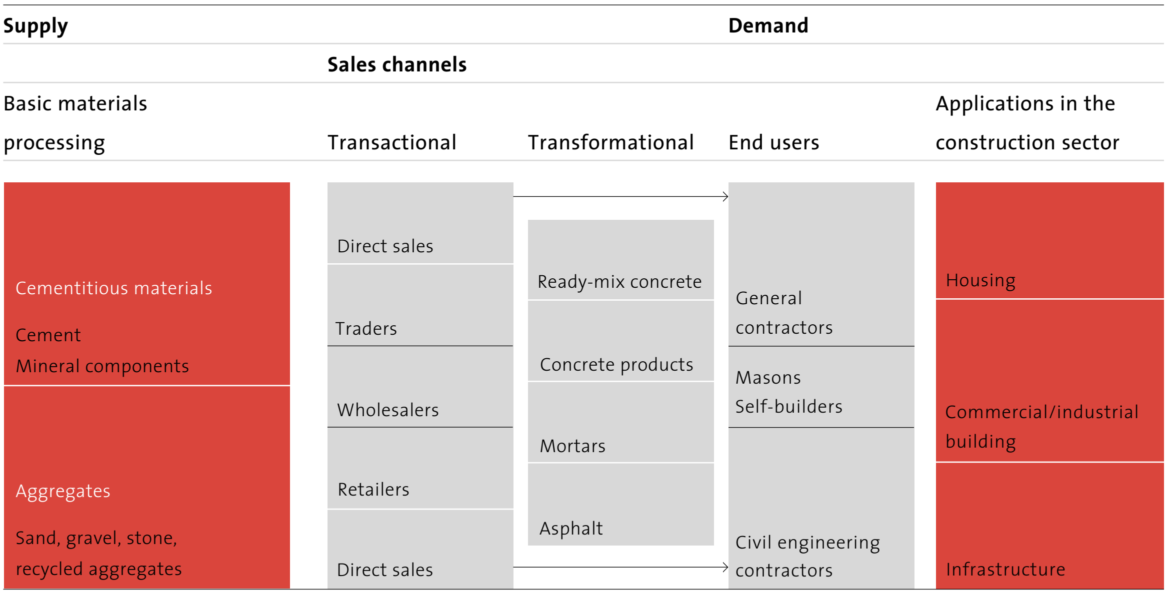
Margin targets per segment

In 2006, Holcim defined specific EBITDA margin targets for each segment. With a view to achieving these targets, this year again saw the implementation of a wide range of programs designed to increase efficiency along the entire value chain. Further margin improvement initiatives are necessary to achieve an appropriate return on invested capital over the long term.

EBITDA margin target	2008	2007	Target
Cement	27.3%	32.6%	33%
Aggregates	19.5%	20.3%	27%
Other construction materials and services	4.3%	7.0 %	8%

Over the past few years, the greatest progress has been made in the cement and mineral components segment. The general upward pressure on costs, and in particular the sharp rise in energy, raw materials and transport costs, had a negative impact on the cement margin in 2008. This cost pressure has been moderated slightly due to the increased use of alternative fuels and mineral components, global resource management, numerous improvements in production efficiency and price adjustments. EBITDA margin in this segment declined to 27.3 percent in fiscal 2008 (2007: 32.6). In the aggregates business, the EBITDA margin decreased by 0.8 percentage points to 19.5 percent (2007: 20.3). The other construction materials and services segment achieved an EBITDA margin of 4.3 percent (2007: 7).

Value chain



Cement and aggregates are the basis – concrete and asphalt bring us closer to the end consumer.

Sustainable value creation as paramount objective

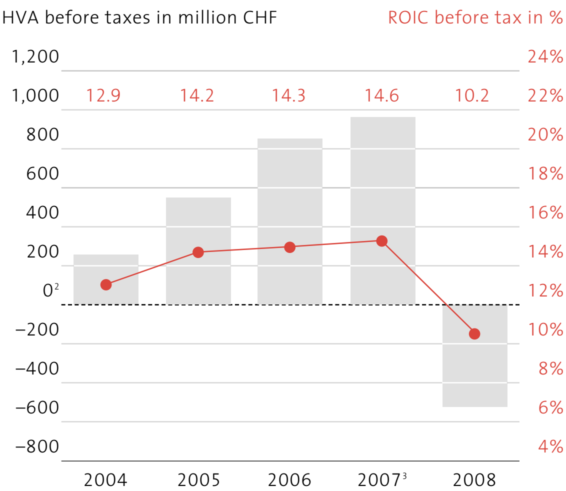
Holcim aspires to be the most respected and attractive company in the building materials industry. The return on invested capital should exceed the Group's after-tax weighted average cost of capital (WACC) of 8 percent on a sustainable basis.

Measured according to Holcim Value Added (operating profit – standard capital costs × long-term net operating assets), the Group has created substantial added value in recent years beyond the WACC before tax of 11.8 percent. However, as a result of the changed economic situation, value creation has decreased to 10.2 percent in 2008. Measures were taken in all areas with the intent to restore the appropriate rates of return as quickly as possible.

Attractive dividend policy

The Group's solid positioning should bear fruit for shareholders. The Board of Directors determined in 2003 that the payout ratio should be one third of Group net income attributable to equity holders of Holcim Ltd. With the stock dividend for the 2008 business year proposed to the annual general meeting, this goal will again be achieved.

Holcim Value Added (HVA)[1]



[1] Excluding cash and cash equivalents.
[2] WACC before tax of 11.8 percent.
[3] Excluding the majority sale in South Africa.

An employer who both nurtures and demands

Holcim aims to be an exemplary employer, able to recruit, motivate and retain the best staff. Clear management principles and systematic career development opportunities for staff provide the basis for optimum performance. Holcim demands commitment, but by the same token it also rewards hard work. In particular, this means operating on a system of performance-related pay.

Because of the changed economic situation, this year saw several Group companies forced to adjust their staff numbers in line with falling demand. There were temporary plant closures in all segments and in November 2008, Holcim had to announce the closure of three cement plants in Spain and the US due to the severe recessionary environment. Unfortunately, this also involved reducing staff, although at least some of the job cuts could be achieved by offering early retirement.

Holcim Foundation for Sustainable Construction globally active

Holcim considers its corporate responsibility in terms of sustainability goes beyond the sphere of products, production and processes which we are able to influence directly. In 2003, the company therefore decided to set up a Foundation whose task is to promote worldwide dialogue on sustainable construction between architects, planners, construction engineers, investors and the public. The second Holcim Awards competition cycle met with an enthusiastic response, with more than 5,000 construction projects submitted from around the world. There was also an improvement in the quality of the entries. The Foundation's wide range of activities is meeting with broad acceptance in specialist circles. The climax of the current competition cycle will be the global Awards to be announced in May 2009.

Complex questions demand partnerships

Holcim takes its corporate responsibility seriously and recognizes the significance of the "triple bottom line" as represented by the World Business Council for Sustainable Development. The three dimensions of sustainable development – the economic, ecological and social – have thus been incorporated into our business strategy for years.

Holcim has continuously reduced its CO_2 emissions per tonne of cement produced by optimizing processes and products. The use of mineral components and alternative fuels helps us to achieve these ambitious goals. To promote this strategy, Holcim also worked in partnership with GTZ, the German-based international cooperation enterprise, over a period of many years. As GTZ only enters into partnerships for limited periods of time, this successful cooperation came to an end in 2008. In view of mutual interest, the two partners will remain in close contact.

In 2007, Holcim signed a cooperation agreement with the International Union for Conservation of Nature (IUCN). Standards are to be formulated and implemented in partnership with the IUCN to protect biodiversity in the areas where we extract raw materials. This partnership, too, is a fruitful one for both sides. This year, the expert panel set up by IUCN specifically for Holcim began its work and visited plant sites in Spain and Indonesia where it gained an initial impression of the high level of rehabilitation activities within the Group. Over the coming years, specific proposals for improvements in areas relating to all aspects of biodiversity at our production sites will be developed and implemented jointly with the IUCN.

Holcim's commitment to sustainability is also recognized externally. In 2008, the highly regarded Dow Jones Sustainability Index ranked Holcim "Leader of the Industry" for the fourth year in a row.

Organization and management

The Group's management and line responsibility is structured by regions. In 2008, the Executive Committee was expanded in the Europe area.

Efficient management and control
The overall system of corporate governance, which includes directing, monitoring and organizing the highest corporate management levels, formulating business policy principles and applying internal and external control mechanisms, forms the basis for responsible management and control of the company with the focus on sustainable value creation. It is a precondition for the Group's credibility and good reputation as well as strengthening confidence among investors, business partners, employees and the public at large.

The corporate governance developed in recent years is continuously adjusted to requirements. During its first year in operation, the system of internal controls introduced in 2007 proved itself in every respect. Thus, Holcim fulfills the statutory requirements of the Swiss Code of Obligations which came into force on January 1, 2009.

The Code of Conduct defines Group-wide standards of behavior expected of all staff and it underscores our responsibility as entrepreneurs and employers. The text of the current Code of Conduct can be found on our website under www.holcim.com.

Dual line and functional management responsibility
Holcim is a globally active group with some 85,000 employees on five continents. We manufacture and distribute our core products cement and aggregates in a large number of local markets, along with products and services based on these core products in the ready-mix concrete, asphalt and concrete products sectors.

The key to the Group's success lies in the competence of our local management teams. The operating units in over 70 countries fall under the line responsibility of individual Executive Committee members assisted by Area Managers and Corporate Functional Managers. In addition, each Executive Committee member has functional responsibility for specific corporate areas such as Cement Manufacturing, Commercial Services or Human Resources. This dual management approach gives Holcim an ideal combination of standardized Group-wide processes and local value creation.

If our Group companies are to strengthen their local cost and market leadership, they need entrepreneurial room for maneuver as well as support from the Group in the form of specific know-how and predefined parameters. We are convinced that success in our business depends on striking a balance between local power and autonomy on the one hand and the right degree of support and control from Group headquarters on the other. A coherent program of basic and continuing management training as well as systematic succession planning to develop candidates with executive potential at both national company and corporate level are factors which will strengthen the Group on a lasting basis.

Status as at March 4, 2009

Board of Directors

Rolf Soiron
Chairman, Chairman of the Governance, Nomination & Compensation Committee

Andreas von Planta
Deputy Chairman

Markus Akermann

Christine Binswanger

Lord Norman Fowler

Erich Hunziker

Peter Küpfer
Chairman of the Audit Committee

Adrian Loader

H. Onno Ruding

Thomas Schmidheiny

Wolfgang Schürer

Dieter Spälti

Robert F. Spoerry

Secretary of the Board of Directors

Peter Doerr

Executive Committee

Markus Akermann
Chief Executive Officer

Urs Böhlen
Eastern & Southeastern Europe, CIS/Caspian region

Tom Clough
East Asia incl. Philippines, Oceania and South & East Africa

Patrick Dolberg
Belgium, France, Netherlands, Germany, Switzerland, Italy

Paul Hugentobler
South Asia & ASEAN excl. Philippines

Thomas Knöpfel
Latin America

Benoît-H. Koch
North America, UK, Norway, Mediterranean incl. Iberian Peninsula, International Trade

Theophil H. Schlatter
Chief Financial Officer

Area Management

Bill Bolsover

Javier de Benito

Gérard Letellier

Andreas Leu

Corporate Functional Managers

Bill Bolsover

Jacques Bourgon

Roland Köhler

Stefan Wolfensberger

Auditors

Ernst & Young Ltd

Management Structure

See organizational chart on page 33

Changes

See Corporate Governance page 84 ff.

The Executive Committee from left to right:
Urs Böhlen
Thomas Knöpfel
Benoît-H. Koch
Patrick Dolberg
Theophil H. Schlatter
Markus Akermann
Tom Clough
Paul Hugentobler

Holcim's efficient and lean organizational structure enables it to respond rapidly to new challenges.

During the year under review, Hansueli Heé stepped down from the Executive Committee of Holcim Ltd at the end of October and went into early retirement. Under his leadership over the past ten years, Holcim built up a leading position as a supplier of building materials in Eastern Europe. The Board of Directors and the Executive Committee would like to thank Hansueli Heé for the many years of valuable service he has provided.

The Board of Directors has decided to strengthen the Group's top-level management and appoint Area Manager Urs Böhlen and Patrick Dolberg, previously CEO of Holcim US, as new Executive Committee members. They took over their new duties on November 1, 2008. Urs Böhlen is also responsible for the functional area of Procurement and Patrick Dolberg is responsible for Cement Manufacturing (see also Corporate Governance, page 90).

There were other changes at senior management level. Bernard Terver, Area Manager for Argentina, Chile, the Andes nations and parts of Central America, was appointed CEO of Holcim US. Andreas Leu, previously CEO of Holcim Ecuador, was appointed new Area Manager effective August 1, 2008. Beat Fellmann and Bernard Kueng stepped down from senior management, having left the company during the year under review.

Holcim's hierarchical structures are flat and its divisions of responsibility clearly defined – both at Group level and in the individual Group companies. This ensures that decisions are based on expert knowledge and cost awareness and that new processes or standards can be implemented without delay.

The Group's managers, the regions and the countries as well as the local sites are assisted by service centers at regional level and by central corporate staff units at global level. Holcim has well structured management systems in place. Group companies are given clear guidelines in all key areas of the business, from technology and environmentally friendly production to human resources and finance.

Business Risk Management identifies risks and opportunities

Business Risk Management supports the Executive Committee and the management teams of the Group companies in their strategic decisions. Business Risk Management aims systematically to recognize major risks – as well as opportunities – facing the company. Potential risks are identified and evaluated at an early stage. Countermeasures are then proposed and implemented at the appropriate level. Risk management looks at a wide range of different internal and external risk types in the strategic, operating and financial sectors.

In addition to the Group companies, the Executive Committee and the Board of Directors are also involved in the assessment process. The Group's risk profile is assessed from both top-down and bottom-up angles. This not only entails identifying threats, but also opportunities along the entire value chain. A central database allows fast, secure access to the information collected. The Executive Committee reports regularly to the Board of Directors on important risk analysis findings and provides updates on the measures taken (see also pages 89 and 90).

Internal Audit as an important monitoring instrument

Internal Audit is an independent body which reports directly to the Chairman of the Board of Directors and submits regular reports to the Audit Committee. Internal Audit does not confine itself to financial audits, but also monitors compliance with external and internal guidelines.

Particular attention is paid to the effectiveness and efficiency of internal management and control systems, including:

- Examining the reliability and completeness of financial and operational information;
- Examining the systems for controlling compliance with internal and external directives such as plans, processes, laws and ordinances;
- Examining whether business assets are secure.

Focus on joint objectives

To achieve the added value it is aiming for, Holcim systematically measures performance and operates systems to motivate management to perform to consistently high standards.

Since 2003, a standardized, variable compensation system has been in place for our most senior executives. As previously mentioned, salaries are calculated not only on the basis of the Group's objectives, but also in light of the specific circumstances of the local Group companies. A significant proportion of the variable compensation is paid in the form of Holcim shares which are locked in for a period of three to five years. This system strengthens the focus on the common target of a sustainable increase in the Group's performance and value.

Organizational chart

Board of Directors Holcim Ltd

Audit Committee

Governance, Nomination & Compensation Committee

Internal Audit[1]

Markus Akermann
CEO

Executive Committee

- **Benoît-H. Koch**
- **Patrick Dolberg**
- **Urs Böhlen**
- **Thomas Knöpfel**
- **Paul Hugentobler**
- **Tom Clough**
- **Theophil H. Schlatter** CFO

Regional Line Responsibility

- Benoît-H. Koch: North America, UK, Norway, Mediterranean[2], International Trade
- Patrick Dolberg: Belgium, France, Netherlands, Germany, Switzerland, Italy
- Urs Böhlen: Eastern & Southeastern Europe, CIS/Caspian region
- Thomas Knöpfel: Latin America
- Paul Hugentobler: South Asia, ASEAN[3]
- Tom Clough: East Asia[4], Oceania, South & East Africa

Area Managers

- **Bill Bolsover, Javier de Benito** Area Manager
- **Andreas Leu** Area Manager
- **Gérard Letellier** Area Manager

Functional Responsibility

- Benoît-H. Koch: Aggregates & Construction Materials, Sustainable Development
- Patrick Dolberg: Cement Manufacturing
- Urs Böhlen: Procurement
- Markus Akermann: Strategy & Risk Management, Communi-cations, Investor Relations
- Thomas Knöpfel: Legal & Compliance
- Paul Hugentobler: Commercial, IT
- Tom Clough: Human Resources, Branding
- Theophil H. Schlatter: Finance & Controlling

Corporate Functional Managers

- **Bill Bolsover** Aggregates & Construction Materials Services
- **Jacques Bourgon** Cement Manufacturing Services
- **Roland Köhler** Strategy & Risk Management
- **Stefan Wolfensberger** Commercial Services

[1] Internal Audit reports to the Chairman of the Board of Directors.
[2] Including Iberian Peninsula.
[3] Excluding Philippines.
[4] Including Philippines.

Status as at March 4, 2009.

Innovation

At Holcim, innovation encompasses the entire value chain. The main focus is on customer friendly and environmentally efficient products and services as well as streamlining the production process.

Customer-centered approach

In recent years, Holcim has established its strategic market development concept for the entire value chain, greatly accelerating the pace of innovation in the process. Its framework is a business model founded on cement and aggregates as the company's core products aimed at effectively addressing the needs of the final consumers in the residential and industrial construction sectors and in the infrastructure sector. The goal is to respond rapidly to new developments in the construction industry and offer Group companies effective support in this mission by Holcim. New business opportunities are systematically identified and analyzed for possible opportunities to increase added value. Key importance is attached to differentiating products and services and improving the distribution network through dealers, wholesalers and retailers.

Attractive solutions for the residential construction sector

Holcim began many years ago promoting holistic solutions to enable people in the emerging markets to build homes of their own. The services offered include a professional guidance of the house builders as well as understandable construction plans and instructions along with the building materials and products required for construction projects. One of the pioneers in this increasingly important market segment was Holcim in Mexico. In the wake of the devastating flooding caused by the tsunami disaster in Indonesia, Holcim worked closely with dealers and retailers to develop the "Solusi Rumah" housebuilding concept, which integrated the local construction tradition. As part of a total package, future homeowners can purchase plans for solidly built houses based on cement and concrete. The offer includes all of the necessary products and appropriate training as well as introductions to banks willing to provide the necessary project finance.

Further strengthening of product innovation

Development work is based on innovation across the whole product life cycle. To this end, the year under review saw Holcim enter into several partnerships with distinguished universities and partner companies.

Eco-efficient cements and product solutions

In 2008, Holcim continued to focus its attention on steady improvements in eco-efficiency, particularly in terms of CO_2 emissions. Composite cements, manufactured from natural materials and industrial by-products, now account for almost three quarters of consolidated cement sales. A total of around 40 million tonnes of substitute materials were used in the production of cement and concrete, confirming Holcim's leading position in this sector.

One particularly eco-efficient building material is CEMROC® concrete, which is manufactured with very low CO_2 emissions. The product has met with great interest among environmentally aware customers, authorities and planners and is currently being marketed in Belgium and the Netherlands. In 2008, Belgium's largest biogas facility was built almost entirely using CEMROC® as the customer was seeking an environmentally friendly concrete with exceptional resistance to aggressive substances.

Another example of this type of building material, which is enjoying growing acceptance among customers, is GranCem®, developed by Holcim and supplied in the US. Based on granulated slag, GranCem® was used for the foundations of the new Freedom Tower in New York. It was partly due to GranCem® that this new city landmark won prestigious gold status in the "Leadership in Energy and Environmental Design" (LEED) program.

Concrete with additional features

The headquarters of the IUCN – International Union for Conservation of Nature – in Gland (Switzerland) are currently being expanded with the erection of a new energy saving building. For this purpose, Holcim has developed a type of pumped concrete consisting of 50 percent recycled concrete granulate which will be used for the load-bearing structural components with a volume of 2,400 cubic meters. This has enabled the IUCN to implement its policy of conserving natural resources – a pivotal aspect of its strategy – in this construction project. In addition, Holcim has developed an insulating concrete which performs both building insulation and load-bearing functions.

Concrete made from recycled industrial waste

With support from the Singapore environmental authorities, Holcim is offering a new type of concrete containing recycled waste materials. The materials have been tested by the National Environment Agency (NEA) and are cleared for use as aggregates in the production of concrete. Geocycle Singapore, a joint venture established by Holcim Singapore and a local recycling company, prepares the waste material for application. Developers who use this building material receive "green points" from Singapore's Building and Construction Authority.

Refurbishment of concrete buildings becoming increasingly attractive

Buildings which have reached the end of their life cycle are often demolished even though they could be refurbished. From an economic point of view, refurbishment can be a more attractive option, since it saves time and preserves valuable structural fabric. Refurbishment is particularly worthwhile in the case of infrastructure constructions that need to be used around the clock. For this purpose, Holcim has developed in Switzerland a fine-pored, fiber-reinforced high-performance concrete which is ideal for repairing damage to concrete surfaces and structures.
In one instance, the product was used to renew and reinforce a forty-year old concrete floor at Geneva's fire station. In comparison with laying a new concrete floor, the refurbishment was completed two months sooner and resulted in significant cost savings. The same method was also used to refurbish the bridge near Killwangen. The bridge's damaged pillars were coated with a four centimeter-thick layer of the high-performance concrete. Thanks to this new approach, traffic was able to pass the building site largely unhindered during the construction phase.

Process innovation for the plants of the future

Innovation on the production side plays a crucial part in meeting future challenges. Our efforts are reflected in the growing number of strategically important projects we work on in close cooperation with leading universities and research institutes. From these partnerships, Holcim develops new ideas and technologies with promising applications.

Priority given to reducing production costs

Increased global competition is compelling our industry to achieve further cuts in production costs and optimize the use of thermal and electrical energy in cement production. At the same time, production needs to be streamlined and help to enable the latest technologies to achieve breakthroughs. Holcim's strategy of promoting the use of alternative fuels has a key part to play in this area by saving on expensive fossil fuels, conserving natural resources and making a major contribution to cutting CO_2 emissions. In newly industrializing countries, sustainable waste disposal is one of the biggest challenges facing society. This is an area in which Holcim can make an important contribution with innovative technical solutions.

With electricity prices rising, investing in renewable energy sources is even more attractive, which in Holcim's case include wind power, biomass energy and waste heat recovery. These technologies are aimed at optimizing the range of energy sources, cutting costs and achieving emission reduction targets. Several cement plants in Group region Asia Pacific currently plan to install systems for the recovery of waste kiln heat by means of special boilers that produce steam and drive turbines or generators. The electricity generated in this way can be used directly in the plant.

Further improvements in plant reliability

The Group's central research and development activities also focus on continuous improvement of the critical mechanical components in our manufacturing plants. The aim is to improve the reliability of the components used in the production process and reduce investment costs. One example of the innovative solutions applied in this area is a newly developed kiln drive system which minimizes drive damage and hence lengthy downtime. This new type of drive makes it possible to eliminate problems relating to changes in axle base and tumbling motion. At the same time, lubrication is more reliable, extending the life cycle of this system component. This drive concept is currently being installed at several plant sites within the Group.

Capital market information

Holcim is not immune to the ongoing financial crisis. However, thanks to the historically cautious approach with respect to the balance sheet, the risks associated with liquidity and refinancing continue to be well managed.

The financial crisis that started in summer 2007 with the subprime crisis in the US reached the real economy during 2008 and clouded the economic outlook of most local economies around the world. As a consequence, globally the stock markets lost a significant amount of their value during 2008 and cyclical stocks such as Holcim Ltd were affected to an even greater extent.

Performance of Holcim share versus Swiss Market Index (SMI)

The share closed on December 31, 2008 at CHF 60.30 (2007: 121.30) which is equal to a reduction of approximately 50 percent compared to the 2007 year-end close. We assume that this price corresponds with an estimated value which is substantially below the replacement cost of the asset base.

Listings

Holcim is listed on the SIX Swiss Exchange. Its shares are traded on SWX Europe. Each share carries one voting right. As at December 31, 2008, the company's market capitalization stood at CHF 15.9 billion.

Additional data

Security code number	1221405
Telekurs code	HOLN
Bloomberg code	HOLN VX
Reuters code	HOLN.VX

Major shareholders

Information on major shareholders can be found on page 194 in this report.

Distribution of Holcim shares and breakdown of shareholders

The majority of shares held in other countries are owned by shareholders in the UK and the US.

Geographical distribution

Switzerland	50%
Other countries	21%
Shares pending registration of transfer	29%

Breakdown of shareholders by number of registered shares held

1–100	14,333
101–1,000	29,304
1,001–10,000	5,267
10,001–100,000	520
> 100,000	99

Free float

The free float as defined by the SIX Swiss Exchange stands at 79 percent.

Dividend policy

Dividends are distributed annually. The Board of Directors determined in 2003 a targeted payout ratio of one third of Group net income attributable to equity holders of Holcim Ltd excluding non-recurring items. The next dividend is scheduled for May 12, 2009.

Weighting of the Holcim registered share in selected share indices

Index	Weighting in %
SMI, Swiss Market Index	1.91
SPI, Swiss Performance Index	1.64
SLI, Swiss Leader Index	4.44
BEBULDM, BE500 Building Materials Index	17.71
SXOP, Dow Jones STOXX 600 Construction	8.57
DJSI World, Dow Jones Sustainability Index	0.19
FTSE4Good Europe Index	0.29

Sources: Bloomberg, Dow Jones Sustainability Indexes, FTSE Index Company, end-December 2008.

Information on Holcim registered shares

Further information on Holcim registered shares can be found at www.holcim.com/investors.

Key data Holcim registered share[1]

Par value CHF 2	2008	2007	2006	2005[2]	2004[2 3]
Number of shares issued	263,586,090	263,586,090	255,348,625	229,925,518	229,925,518
Number of dividend-bearing shares	263,586,090	263,586,090	255,348,625	229,925,518	229,925,518
Number of shares conditional capital[4]	1,422,350	1,422,350	9,659,815	14,007,875	14,007,875
Number of treasury shares	5,132,061	668,849	679,912	828,998	6,786,750
Stock market prices in CHF					
High	121	138	113	88	68
Low	43	112	86	68	55
Earnings per dividend-bearing share in CHF[5]	6.82	14.86	8.64	6.61	4.21
Cash earnings per share in CHF[5 6]	7.32	15.39	9.14	6.90	5.83
Consolidated shareholders' equity per share in CHF[7]	59.42	71.44	59.60	50.05	38.02
Dividend per share in CHF	2.25[8]	3.30	2.00	1.65	1.25

[1] Adjusted to reflect former share splits and/or capital increases.
[2] Restated in line with IAS 21 amended.
[3] Restated in line with new and revised IFRS, effective January 1, 2005.
[4] Shares reserved for convertible bonds issued.
[5] EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted by the average number of shares (see note 15).
[6] Excludes the amortization of goodwill and other intangible assets.
[7] Based on shareholders' equity – attributable to equity holders of Holcim Ltd – and the number of dividend-bearing shares (less treasury shares) as per December 31.
[8] Proposed by the Board of Directors.

Disclosure of shareholdings

Under Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act), whosoever, directly, indirectly or in concert with third parties, acquires or disposes of shares, for his own account, in a company incorporated in Switzerland whose equity securities are listed, in whole or in part, in Switzerland and thereby attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, $33^1/_3$, 50 or $66^2/_3$ percent of the voting rights, whether or not such rights may be exercised, shall notify the company and the stock exchanges on which the equity securities in question are listed. Important shareholders are disclosed on page 194.

Registration in the share register and restrictions on voting rights

On request, purchasers of registered shares are entered in the share register as voting shareholders provided that they expressly declare that they acquired the shares in their own name and for their own account. The Board of Directors will enter individuals whose requests for registration do not include an express declaration that they hold the shares for their own account (nominees) in the share register as shareholders with voting rights, provided that such nominees have concluded an agreement with the company concerning their status and are subject to recognized banking or financial market supervision.

Current rating (February 2009)

	Standard & Poor's	Fitch	Moody's
Long-term rating	BBB, outlook stable	BBB+, outlook negative	Baa1, outlook negative
Short-term rating	A–2	F2	P-2

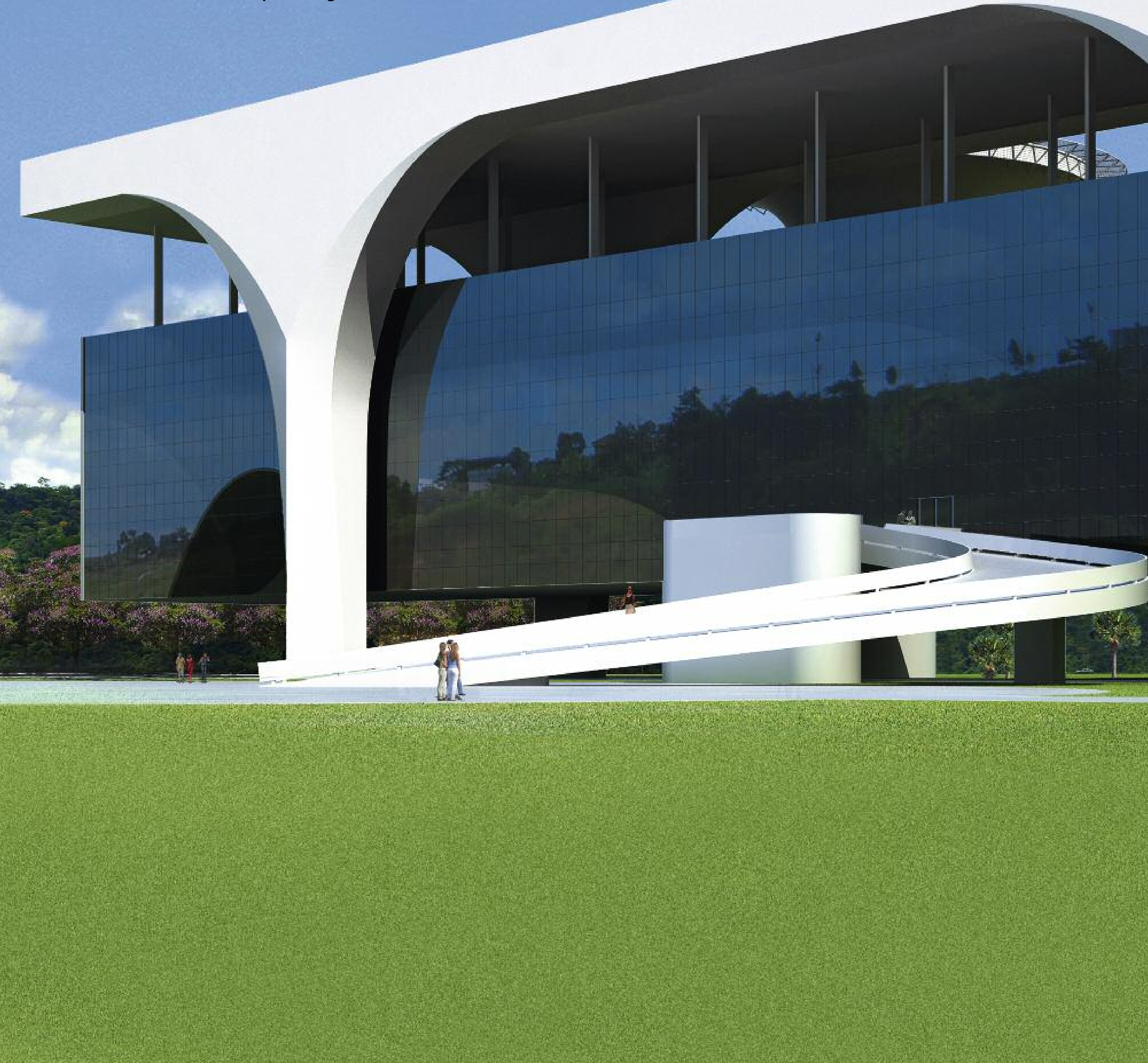
Financial reporting calendar

Press and analyst conference on annual results for 2008	March 4, 2009
Results for the first quarter of 2009	May 6, 2009
General meeting of shareholders	May 7, 2009
Dividend distribution (ex date)	May 12, 2009
Half-year results for 2009	August 20, 2009
Press and analyst conference for the third quarter of 2009	November 11, 2009
Press and analyst conference on annual results for 2009	March 3, 2010

New government center in Minas Gerais

In concrete suspension

For over 70 years, Brazilian architect Oscar Niemeyer has constructed eye-catching buildings made of concrete. He is now working in his favorite medium to create a new masterpiece – the administrative center in the Brazilian state of Minas Gerais. The seat of the government will be suspended from the world's largest reinforced concrete cantilever construction, and Holcim is providing the concrete.



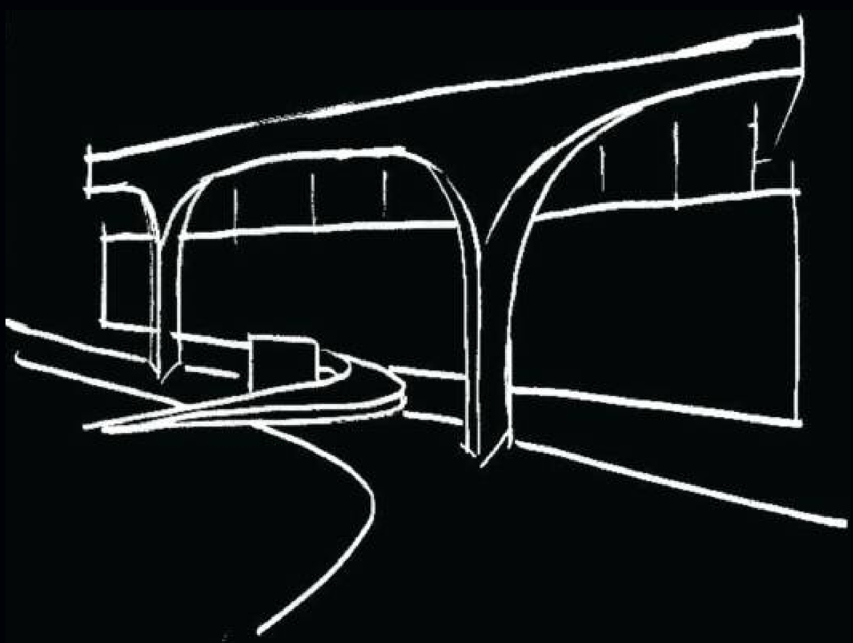
The state of Minas Gerais is investing some 880 million reals in a site encompassing 800,000 square meters in order to combine its administration at a well developed location.

The new administrative center includes the seat of government, two buildings for the ministries and the auditorium.

"I advocate an unlimited freedom of form which does not slavishly bow to technical or functionalistic arguments, but is first and foremost a challenge to the imagination to create new and beautiful shapes."

Oscar Niemeyer, Architect

"Architecture consists of dreams, imagination, curves and empty spaces", Oscar Niemeyer once stated. And, for Oscar Niemeyer, there is almost always another ingredient to be added to the architecture – reinforced concrete. Since the 1940s, he has been the doyen of modern Brazilian architecture. Born in 1907, he has repeatedly developed new possibilities for using concrete. For instance, in his daring and unconventional design for the public administration building built between 1957 and 1964 in Brasilia, the capital city of his native country. Niemeyer's unmistakable sculptural language full of curves and soft contours was made possible thanks to the continued development of reinforced concrete.



Four large buildings

Niemeyer, the "master of curves", is still full of ideas even after completing 600 projects and continues to create milestones of contemporary architecture. One of these is in Belo Horizonte, the capital of the Brazilian state Minas Gerais. A new administrative center based on his plans is currently under construction and will be completed by early 2010.

This state, an economic powerhouse in the south-eastern part of the country, is investing some 880 million reals in a 800,000 square meter site to merge its large administrative staff to a well developed location. The site will be characterized by four striking buildings. Two gently curving buildings measuring 65 meters in height will accommodate 17 of the state ministries. The buildings – which are each around 250 meters long – will provide space for 10,000 workstations. The auditorium, with capacity for 540 guests, has a vaulted roof that is reminiscent of a legendary Niemeyer building – the "Capela de São Francisco de Assis" – inaugurated in Belo Horizonte in 1943. The small church with its curved roof is considered an icon of contemporary architecture as it was the first building to demonstrate the new possibilities for reinforced concrete.

Suspended central building

The most spectacular building at the new administrative center is the Palácio do Governo. The 37-meter tall building sets new benchmarks in terms of architecture, engineering and the use of concrete. The six-storey cubic building, which will house the government of Minas Gerais, is suspended above the ground. The building will be suspended from the world's largest reinforced concrete cantilever construction on 30 steel ropes cast in concrete. Oscar Niemeyer, who loves to work in concrete, has now designed a building that showcases his talent. The gigantic roof is supported by four columns, each of which bears a load of over 4,000 tonnes. It is 150 meters long. The overall impression is that of a very bold project. It will be made a reality thanks to state-of-the-art building technology – and thanks to expertise that Holcim has built up over decades and is now contributing to the project as a supplier of concrete.

The seat of government is suspended from the world's largest reinforced concrete cantilever construction on 30 steel ropes cast in concrete; beneath it a public space is being created.

The basis is high-quality cement

Holcim will deliver a total of 40,000 cubic meters of concrete for the government building and auditorium. The company has two concrete plants close to the building site each with production capacity of 50 cubic meters per hour. In terms of logistics, Holcim will use 15 trucks, 25 drivers and three pumps with nine machine operators. Three consulting engineers and four lab analysts will also offer support. The two ready-mix concrete plants will process 17,000 tonnes of Ari RS cement and 15,000 tonnes of Duracem cement from the nearby Holcim Pedro Leopoldo plant. Duracem, which is used to mix concrete that is particularly strong, hard and durable, was developed in 2004 by Holcim Brazil.

The two curving buildings accommodate 17 ministries with 10,000 workplaces.

The administrative center is situated in a readily accessible location at the northern periphery of Belo Horizonte, the capital of the state of Minas Gerais (population: 20 million). There is a direct expressway link to the airport.

First-class support always guaranteed

In addition to a consistently high quality of concrete mix, Duracem also has another key advantage – it is self-leveling and hardens on its own. As a result, there is no need to use vibration energy. This considerably reduces the work on the thin prestressed concrete structures. "It is largely thanks to Duracem cement that we were able to participate in this project", says Carlos Telles, National Sales Manager at Holcim Brazil. Another key factor in Holcim's favor was its technical support. "Our team of technicians, production and sales specialists developed the right concrete mixes for the entire project in a very short time."

Already the third joint project

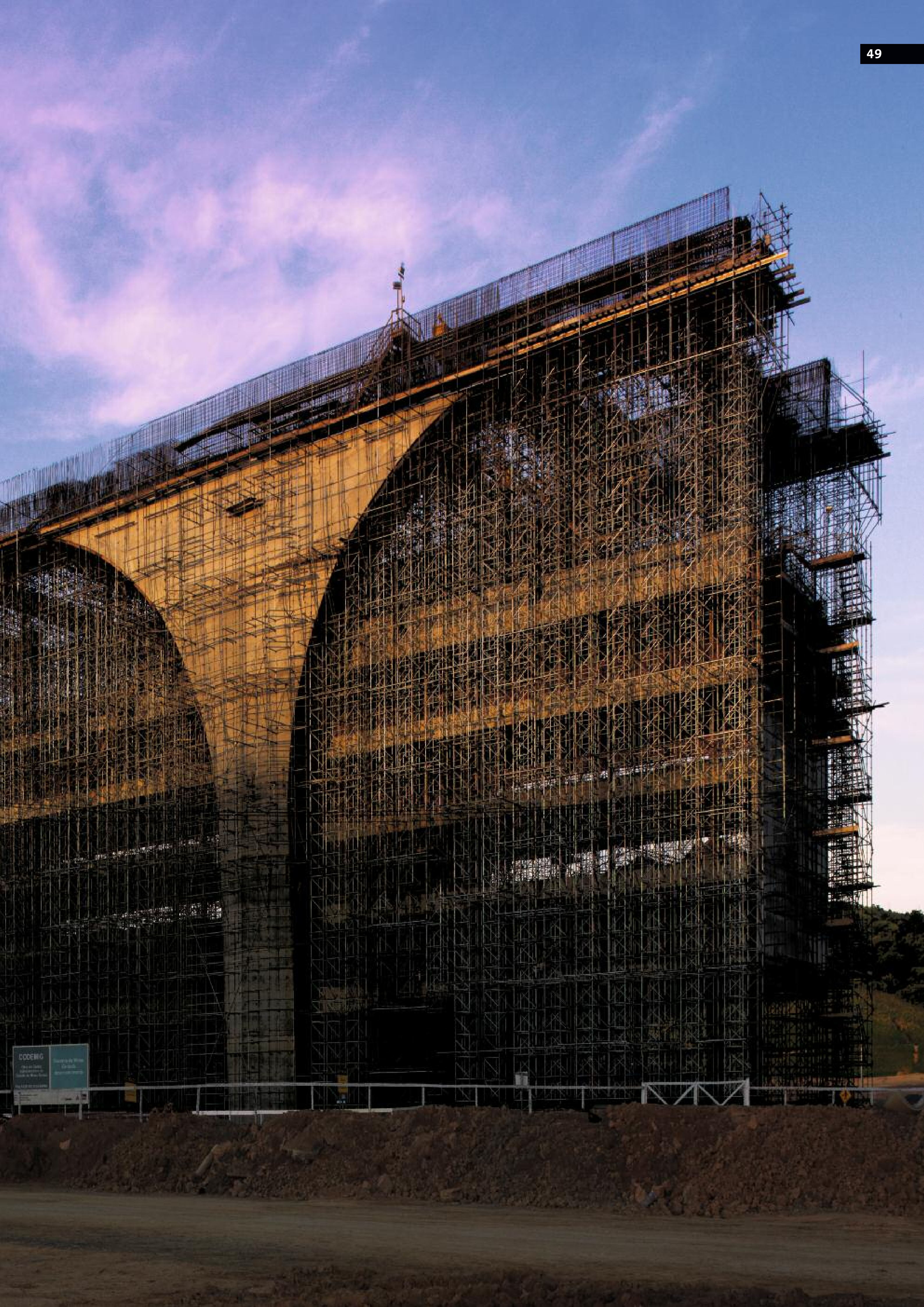
Concreting work began in June 2008 and is slated for completion in August 2009. Everything is proceeding on schedule – albeit a very tight one. "It may well be possible to build something like the government building without Duracem, but not at such a

Duracem cement is used to mix concrete that is particularly strong, hard and durable. As it is also self-leveling and hardens on its own, this considerably reduces the work on the thin prestressed concrete structures.

pace", says Carlos Telles confidently. Holcim knows exactly what is needed to realize this highly demanding project by Oscar Niemeyer – because the company already provided the concrete for two of his other buildings: for the Memorial da América Latina in São Paulo in 1987 and for the Museu de Arte Contemporânea in Niterói near Rio de Janeiro in 1991. The latter is one of the most famous and futuristic buildings designed by the architect. It resembles a UFO from a science fiction story. In the multi-award-winning 2000 documentary "Oscar Niemeyer: An architect committed to his century", the grand master can be seen in a spaceship over Rio de Janeiro, landing on the site of the Museu de Arte Contemporânea. This amusing episode highlights the fact that Oscar Niemeyer can not only look back on a great past as an architect but also feels connected to the future. It is safe to assume that he will continue to design the future in bold concrete curves.

A key factor behind the quality ensured by Holcim is the technical support: A team of technicians along with production and sales specialists developed the right concrete mixes for the innovative and demanding project in a very short time.

The concreting work began in June 2008 and is scheduled for completion in August 2009. The timetable is extremely tight and demands maximum performance from everyone involved. For the Minas Gerais project Holcim can also call on the experience gained as concrete supplier and service provider on two other epoch-making constructions from Oscar Niemeyer.


CODEMIG

Environmental commitment and social responsibility

The integration of sustainable development into our business strategy is an important success factor.

With our commitment to sustainable development, we aspire to create value for ourselves and our stakeholders. Therefore, for many years, the concept of the "triple bottom line" – value creation, sustainable environmental performance and social responsibility – has been an integral part of our business strategy and management systems. The current global economic turmoil presents many challenges, but also provides an opportunity to leverage the competitive advantage that comes from our commitment to environmental and social responsibility.

Continued leadership of the industry

Thanks to our efforts in the area of sustainable development, Holcim has been included in the Dow Jones Sustainability Index (DJSI) for the sixth time and, in 2008, was named "Leader of the Industry" for the fourth consecutive year. The Group's recycling strategy, its dialogue with various stakeholders as well as human resources development received top scores. This acknowledges Holcim as the company with the best sustainability performance in the building materials sector. At the same time, Sustainable Asset Management Group (SAM), in cooperation with PricewaterhouseCoopers, presented Holcim with the "Sector Leader" prize and a "Gold Class" distinction for the second time in succession. The Group and numerous Group companies have also won additional awards.

Promoting sustainable construction

By providing energy-efficient and eco-friendly building materials, Holcim contributes in a responsible way to sustainable construction.

In the UK, for example, our Group company, Aggregate Industries, has won the tender to be the sole provider of materials and products needed for the construction of the London 2012 Olympic Park. The Olympic Delivery Authority had specified that at least 25 percent of the aggregate content should be recycled material, and at least 50 percent of the materials should be transported to the site by sustainable methods. Aggregate Industries was able to commit to transporting 99 percent of the aggregate materials via rail and waterways, and is confident that 70 percent of the delivered materials will consist of recycled aggregates.

Another example is an innovative concrete product for the construction of a brewery in New Zealand, which has been developed by the local Group company, using large quantities of recycled glass as an aggregate.

Contribution to climate protection and energy security

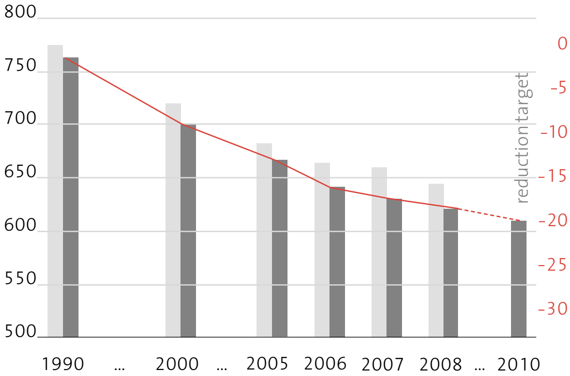
Concrete is the second most commonly used commodity after water and is an essential building material for an energy-efficient infrastructure. Compared to other construction materials, concrete is a product with a relatively low CO_2 emission per unit of production.

The contribution the Group can make to climate protection and energy security focuses on promoting sustainable building practices and cutting-edge approaches to reducing CO_2 emissions in cement production. This includes optimizing products and processes, investing in research and development of new kinds of cement as well as using alternative fuels.

Lowering the clinker factor through the use of substitute mineral components – such as blast furnace slag from the steel industry or fly ash from coal fired power stations – is one of the best technically proven approaches for reducing CO_2 emissions in cement production.

Holcim remains confident that the voluntary goal to reduce the global average specific net CO_2 emissions per tonne of cement by 20 percent compared with the 1990 reference, will be reached by 2010. By the end of 2008, Holcim had reduced the specific CO_2 emissions by 17.3 percent.

Specific gross and net direct CO_2 emissions[1]



kg CO_2/tonne cement

improvement in %
improvement rate —

Gross
Net[2]

[1] The CO_2 data are interim figures subject to external assurance. Updated emission figures will be published on our website by mid-2009.
[2] Net CO_2 emissions: Account for indirect savings, such as use of alternative fuels.

In the political debate, Holcim continues to advocate effective environmental and economic framework conditions. The Group remains active in the Cement Sustainability Initiative of the World Business Council for Sustainable Development (WBCSD).

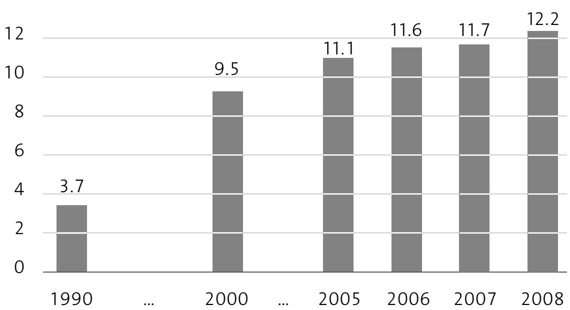
The Kyoto Protocol promotes the "Clean Development Mechanism" for the reduction of emissions and the creation of credits. However, these efforts have proven to be less effective than expected for the cement industry in developing countries. Subsequently, the Cement Sustainability Initiative, with the contribution of Holcim, has proposed a more effective methodology which is now in the approval process of the United Nations Framework Convention on Climate Change (UNFCCC).

Holcim experts are testing the potential of using waste heat from clinker production and wind power in order to provide our plants with low emission electrical energy. In late 2007, a wind energy farm commenced operation at ACC, our Group company in India. Wind power generated at the farm is provided to ACC's Madukkarai plant, and excess power is provided back to the state power grid.

Better use of alternative fuels

Technological developments have facilitated the efficient use of waste from other industries as alternative fuels or raw materials in cement production. In 2008, thermal substitution rate at Holcim was 12.2 percent.

Thermal substitution[1]



% thermal energy from alternative fuels

[1] The thermal substitution rate is an interim figure and will be updated and published on our website by mid-2009.

These waste materials are an important source of energy for the cement industry and at the same time they improve waste management, especially in developing countries. To ensure that clear legal provisions are in place in selected countries, Holcim entered a collaboration with the German-based international cooperation enterprise, GTZ. Together, guidelines on co-processing waste in cement production were developed and have been implemented in some 20 countries since 2003.

The global partnership agreement with GTZ concluded at the end of 2008. The success of the strategic alliance was celebrated in the form of a stakeholder dialogue. Collaboration between the two parties will continue on a national level to ensure implementation of the guidelines. Special attention is given to educating the various parties. Furthermore, the Basel Convention is looking into possibilities on how to integrate the GTZ Holcim guidelines into an international framework.

Conserving resources and protecting biodiversity

In 2007, the Group signed a three-year cooperation agreement with the International Union for Conservation of Nature (IUCN) to work jointly on ecosystem conservation and biodiversity. Within this framework, an independent expert panel was established in 2008 with a remit to establish key elements for a biodiversity strategy. Under the leadership of Dr Christopher Imboden, the five panel members so far have visited Holcim sites in Spain and Indonesia to review Holcim's current practices. The visit to Indonesia also included meetings and discussions with government agencies, NGOs and local community leaders, which provided an opportunity for the panel to assess how Holcim is perceived externally. Following the visit to Indonesia, the experts commented:

"What we saw, heard and experienced was not what we had expected – it was on par with, maybe in some respects even above, what we had seen elsewhere."

Important inputs that have been taken up by both organizations are to pursue a more proactive communication strategy with regard to social and environmental initiatives.

In addition to the global agreement, Group companies in Sri Lanka, Vietnam and Costa Rica have signed local agreements between Holcim and IUCN.

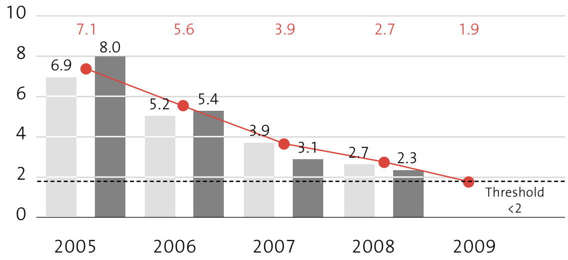
Health and safety at the workplace remain top priorities

In 2008, efforts to reduce the number of severe accidents within the Group paid off. Nevertheless, Holcim had to mourn the loss of 27 individuals due to incidents with fatal consequences. The Board of Directors and the Executive Committee regret this deeply. As even one severe incident is one incident too many, efforts for safety at the workplace will continue unabated.

In view of this, the best possible technical conditions in the plants and nurturing a culture of safety throughout the Group are pursued. All Group companies are required systematically to implement a series of fatality prevention directives by the end of 2010. The directives were developed after an in-depth analysis of the major causes of fatalities. Special attention is given to embed our safety culture with third parties working on-site at our locations.

The compliance with the "five cardinal rules" is an important component of embedding a culture of safety. As an example, Holcim Ecuador launched a campaign, "Stop and think of me – apply the five cardinal rules". The campaign included, among other things, the children of Holcim employees encouraging their parents to comply with the safety rules at all times.

Lost time injury frequency rate[1]



- Employees
- Subcontractors
- Target

[1] The lost time injury frequency rate (LTIFR) is calculated as: number of lost time injuries × 1,000,000 : total number of hours worked. Data includes all cement, aggregates as well as ready-mix concrete operations.

Improving sustainable livelihoods in the communities

Social engagement with the communities close to our locations is of key importance. Our Group companies launch projects that build people's capacity to improve their quality of life and are implemented in close collaboration with community representatives. In 2008, investment in community initiatives by Group companies continued to total over 1 percent of net income before tax. The areas in which these investments were focused are shown in the chart below.

Community spending 2008

Community development projects	14%
Education projects	14%
Infrastructure community projects	18%
Donations and charity	29%
CSR overhead	18%
Others	7%
Total in million CHF	**41**

To ensure that their activities improve sustainable livelihoods in the communities and contribute to the company's overall objectives, all Group companies are encouraged to review their community initiatives with a "Social Engagement Scorecard". Since the roll out of the scorecard, 29 percent of the ongoing projects have been assessed. We have also established that over 2 million people worldwide have benefited directly from the social engagement of Holcim.

Holcim Foundation for Sustainable Construction

Holcim also supports sustainability through the Holcim Foundation for Sustainable Construction. This Foundation, established five years ago, promotes worldwide exchange among architects, engineers, planners, scientists, investors, and the public. It also presents awards to outstanding projects and visions, issues technical publications, and supports research in sustainable construction.

In 2008, the Holcim Foundation conducted its Awards competition for the second time. Worldwide, in five regions, a total of 52 future-oriented construction projects and visionary concepts were selected out of close to 5,000 entries. The winners of the regional Holcim Awards compete for the global Awards in 2009.

The Holcim Awards have captured the attention of design professionals and the media. They prove to be an outstanding way to generate broad awareness and showcase innovations and current developments in sustainable construction.

Group companies use the interest in the Holcim Awards to position themselves in their markets as companies that are actively committed to the advance of sustainable construction. This generates valuable contacts among the building industry, universities, and the professional community of architects and engineers. Networks such as those created through the Holcim Awards are an important contribution to sustainable construction, as it is an interdisciplinary, transboundary challenge.

Human resources

Essential training and continuous staff development are crucial – even when markets are in decline.

Clear strategy strengthens management
If Holcim is to execute its strategy successfully, executive personnel at Group companies need both management expertise and leadership skills. Only with this combination will they be able to deliver the required performance and results. Corporate Human Resources and Corporate Training & Learning support Holcim executives with a variety of learning opportunities tailored to their needs.

Strong demand for highly qualified managerial staff
In a Group with some 85,000 employees and more than 2,000 plant locations across the world, it is important to groom successors for management posts and recruit new talent. In 2008, approximately 150 management posts were filled in various Group companies – more than 80 percent of these positions were filled by internal candidates. This success is based on a Group-wide selection procedure.

Executive pool guarantees efficient succession planning
The Group has in place effective and efficient succession planning arrangements to ensure that new management staff – with the right training and experience – is available as and when required. Succession plans for top-level management are discussed quarterly in the Executive Committee and the relevant committee of the Board of Directors.

The year under review saw a number of important developments. Throughout the Group, assessment and development centers and the related regional career panels were brought up to a uniform quality. The panels provide specific assistance for those executives who have successfully undergone an assessment. Based on the needs of Group companies, development efforts focused mainly on plant and sales managers in the cement segment and managers in the aggregates and ready-mix concrete segments.

In 2008, the International Transfer Directives were enhanced to improve the transfer of international employees and their families from one country to another. These directives cover various aspects of the living and working environments of staff posted abroad but one important improvement was the introduction of a uniform pension scheme for those working overseas and no longer eligible for home country pensions.

Variable, performance-based compensation scheme with an upper limit
In light of the positive experience gained in recent years with variable, performance-based compensation for top-level managers, Holcim's Performance Compensation Scheme (PCS) has been extended to another level in the organization and now covers some 750 managers. The PCS scheme has two components – a cash compensation based on individual targets and a share compensation based on added value. The variable compensation for all participants in the PCS is 20 percent of the individual's basic salary in cash and 5 percent in shares, the latter being subject to a three-year lock-in period. The upper limit is set at 30 percent for the cash component and 7.5 percent for the share component.

Dialogue process supports staff development

Holcim expects its employees to deliver what they promise. For this purpose, the dialogue process was introduced some years ago. Based on a structured conversation between line managers and their direct reports, Group targets are cascaded throughout the organization in an appropriate manner and individual goals are set. Managers are required to coach staff on how best to achieve their objectives. To this end, Holcim launched a new training program for all managers in 2008. The dialogue with line managers also addresses professional development and career options.

Establishing globally consistent HR skills

To enable HR managers to better support management in the Group companies, a standard definition of their role has been established worldwide. In addition to technical expertise in HR, including personnel planning and recruitment, HR managers are increasingly expected to have well developed skills relevant to our business in general and in the strategy development area. Only having such skills enable HR managers to provide line management with effective and credible support.

Group employees by segments[1]	2008	2007	2006	2005	2004
Cement[2]	56,282	57,671	57,878	34,543	32,846
Aggregates	6,369	7,000	7,136	6,542	3,271
Other construction materials and services	23,692	24,567	23,724	18,750	10,739
Corporate	370	126	45	66	53
Total Group	**86,713**	**89,364**	**88,783**	**59,901**	**46,909**

[1] Holcim redefined its business areas following the acquisition of Aggregate Industries. These now consist of the product segments "Cement", "Aggregates" and "Other Construction Materials and Services". The year-earlier figures have been adjusted accordingly. The composition of the product segments is described on page 8.
[2] Including all other cementitious materials.

Group employees by region	2008	2007	2006	2005	2004
Europe	23,557	22,905	22,006	20,458	14,980
North America	9,825	11,190	11,268	10,393	5,249
Latin America	13,548	13,409	12,234	10,904	10,676
Africa Middle East	2,477	2,795	5,218	5,318	4,621
Asia Pacific	36,196	38,133	37,212	12,045	10,644
Corporate	1,110	932	845	783	739
Total Group	**86,713**	**89,364**	**88,783**	**59,901**	**46,909**

Origin of senior managers

From Europe:	24 nationalities	38% of all senior management
From North America:	2 nationalities	15% of all senior management
From Latin America:	12 nationalities	19% of all senior management
From Africa Middle East:	7 nationalities	2% of all senior management
From Asia Pacific:	14 nationalities	26% of all senior management

Composition of senior managers

	Male	Female	Total	Percentage of women
Top management level	346	24	370	7%
Senior management level	1,602	139	1,741	8%
Middle management level	6,243	878	7,121	12%
Total	**8,191**	**1,041**	**9,232**	**11%**

Personnel expenses in 2008 by function and region

Million CHF	Production and distribution	Marketing and sales	Administration	Total
Europe	1,290	212	335	1,837
North America	867	75	161	1,103
Latin America	395	80	128	603
Africa Middle East	66	10	29	105
Asia Pacific	403	59	136	598
Corporate	58	22	171	251
Total Group	**3,079**	**458**	**960**	**4,497**

Performance improvements through a faster-learning organization
The credo of being a faster-learning organization has been an integral part of Holcim's culture for many years. In 2008, Corporate Training & Learning launched several new initiatives to this end.

Formation of a central knowledge pool
Holcim is convinced that an effectively structured and managed knowledge pool leads to competitive advantages in the market. Rapid and efficient access was therefore provided to a wealth of best practice experience.

This knowledge was built up over a period of many years and can now be accessed via a knowledge platform to further strengthen the performance of the Group. This platform focuses the Group's knowledge at a central point. As new knowledge is created, it will be described, cataloged and made accessible via the Intranet.

Because knowledge sharing is not just about efficient systems, platforms for exchanging experiences will also be established, and consulting and training services are to be offered in conjunction with the knowledge pool.

New type of learning platform

The aim of the new management system for learning activities is to align training content more closely to business requirements. Optimizing the range of internal training and learning opportunities and reducing the use of external specialists also results in cost savings.

Holcim iCampus addresses all internal target groups. Employees can register via a single access point and can subsequently participate in electronic learning. A training catalog allows users to create a customized training package tailored to their personal needs.

Holcim iCampus facilitates the administrative process in HR departments. The line managers will also benefit from this new training system, as it will make it easier for them to assess the success of their staff's training activities.

Awards for the best plants

Efficient, state-of-the-art plants alone are not enough. There is also a need for committed, motivated and qualified employees.

2008 saw the launch of a competition for our most successful cement plants. Recognition is given to the staff of the plant with the best performance records as well as to those that have achieved the biggest yearly improvement in performance.

Based on the positive experience gained from the manufacturing awards, a similar competition has also been launched in the commercial area. Participation is open to teams or individual employees who have launched a value-enhancing initiative anywhere along the value chain.

Fostering this competition between Group companies allows for successful activities to be quickly publicized and multiplied throughout the Group. There is also evidence that the awards generate strong motivation in and among the participating teams.

Importance of good basic vocational training

A new decentralized training program has been developed in cement plants, aggregates operations and ready-mix concrete facilities. One of its aims is to enable our employees to learn or to refresh basic technical skills. Modular training blocks cover the ten most important vocational skills required to ensure the technical efficiency of the plants. Training also includes safety at work. Instruction is provided directly by line managers.

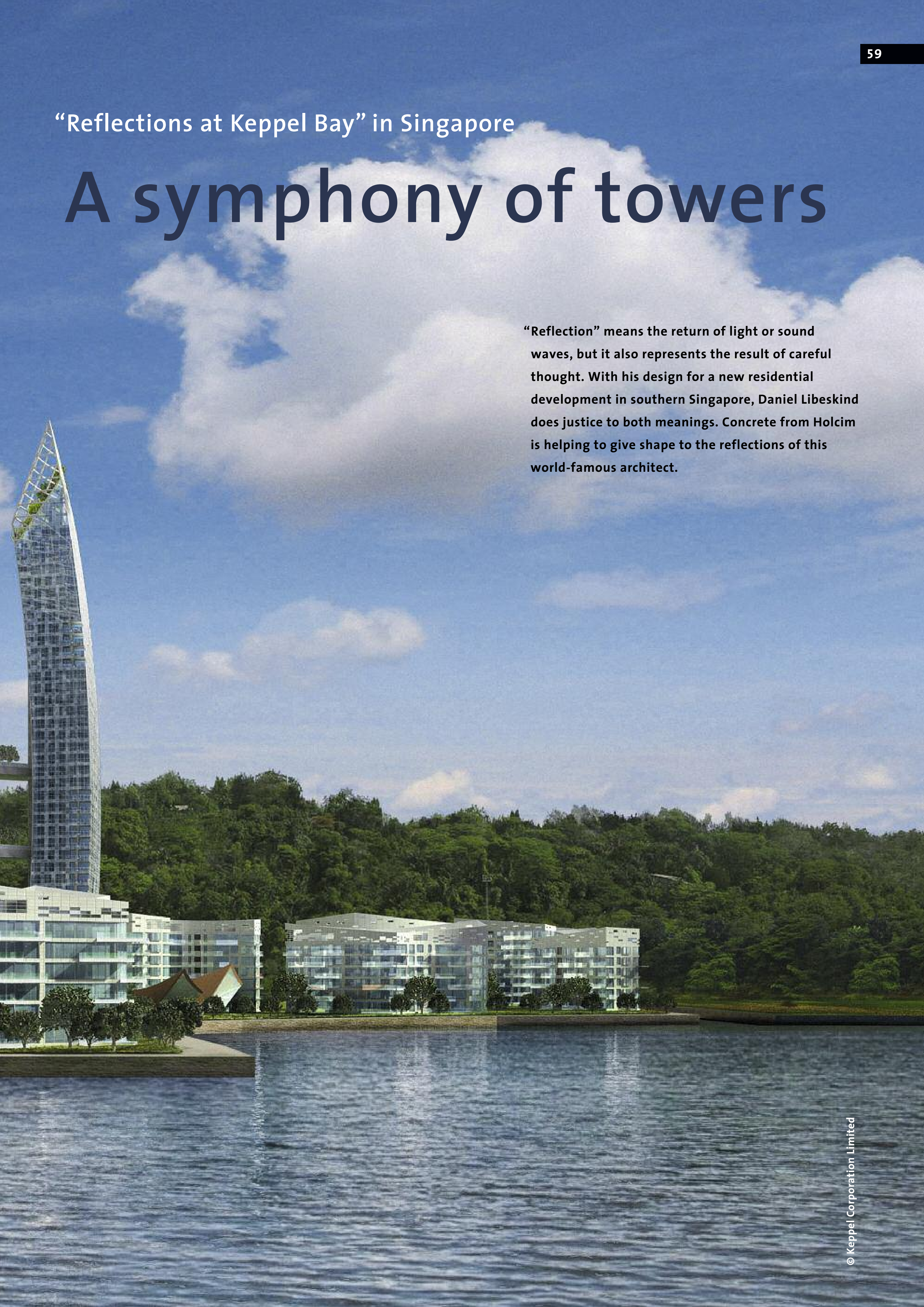
In an apprentice training program, future employees are trained as qualified technical specialists. In doing so, Holcim aims to cover its ongoing requirements for technical staff. The four-year apprenticeship follows the model of the Swiss apprenticeship training system. In this way, corporate values are also firmly anchored. Apprentice training courses have so far been successfully introduced in eleven countries, with more set to follow in Asia, Eastern Europe and Latin America.

A fascinating ensemble of light and reflecting surfaces: Daniel Libeskind designed six curved residential towers and eleven apartment blocks for Singapore's southern waterfront.

“Reflections at Keppel Bay” in Singapore

A symphony of towers

“Reflection” means the return of light or sound waves, but it also represents the result of careful thought. With his design for a new residential development in southern Singapore, Daniel Libeskind does justice to both meanings. Concrete from Holcim is helping to give shape to the reflections of this world-famous architect.



Reflections at Keppel Bay is a structure on an urban scale which satisfies its residents' every last desire.

At Singapore's southern waterfront, in the immediate vicinity of the island resort Sentosa and only five minutes by car from the city state's business district, a unique residential development for the most demanding tastes is in the making: Reflections at Keppel Bay – Daniel Libeskind's first residential project in Asia. The architectural theorist, town planner and architect is renowned for his narrative idiom and his aspiration to embed every project harmoniously in its aesthetic, political, historical and philosophical context. This aspiration manifests itself every bit as much in Reflections at Keppel Bay as in his other well-known works such as the Jewish Museum in Berlin, the Imperial War Museum in Manchester or his proposal for the Freedom Tower at Ground Zero in New York.

1,129 apartments with a view of the sea

At Keppel Bay, Daniel Libeskind, commissioned by the Keppel Corporation, has designed a symphony of six undulating towers and villa apartment blocks with a total of 1,129 apartments. The entire precinct stretches along 1.2 kilometers of shoreline, and most apartments enjoy a breath-taking view of the sea. The real inspiration for the exceptional design, says Libeskind, was the unique location of the site. The New York-based architect explains: "The idea of reflection was there from the start. This idea went through various phases, but I always came back to it. I was thinking of the reflection of the sky, the water, and of the site in the bigger picture of Singapore and of Asia. And reflection also in the philosophical sense, that is, a reflective thought of an idea."

“I was thinking of the reflection of the sky, the water, and of the site in the bigger picture of Singapore and of Asia. And reflection also in the philosophical sense, that is, a reflective thought of an idea.” Daniel Libeskind, Architect

A living experience

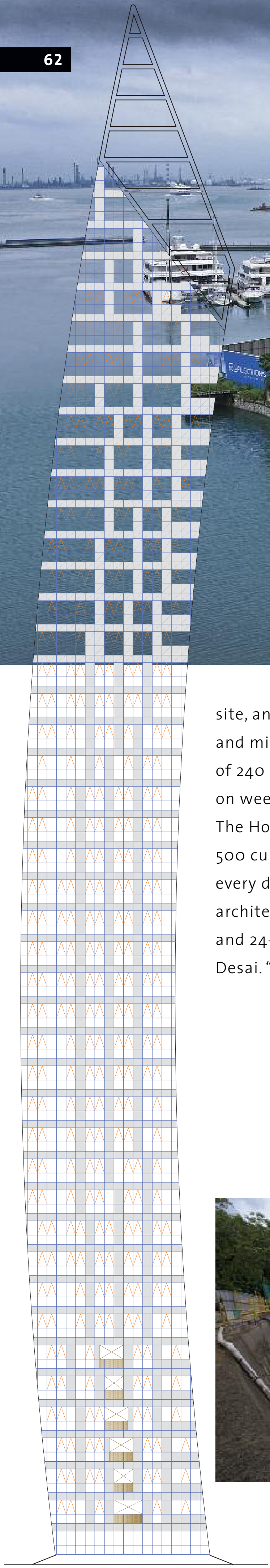
The six curved residential towers, which are between 24 and 41 storeys high, form a fascinating ensemble of light and reflecting surfaces. The highly sophisticated structures are linked by nine sky bridges at different levels. The open spaces on the bridges provide a panoramic view of the impressive surroundings. Lush gardens adorn the sloping roofs of the towers. At the foot of the towers are eleven well-proportioned villa apartment blocks, six to eight storeys high. All the apartments have a generous design and range from 70 square meters for a studio apartment to 1,300 square meters for the penthouse. Reflections at Keppel Bay is a structure on an urban scale, a social framework, a city district with its own infrastructure – and a part of the overall concept that will alter the entire Keppel Bay area. In the next few years, Keppel Bay is slated to become a self-contained metropolis.

Not just a residence, but a living experience: The 1,129-unit development has its own marina.

Supply at any time

A total of 320,000 cubic meters of concrete is needed for the construction of the towers and apartment blocks in the Reflections at Keppel Bay project. “We’ve worked with Keppel Corporation on several successful projects”, says Jitendra Pragji Desai, Head of Product Development & Technical Services at Holcim Singapore. The decisive factor in gaining the contract, he went on, was the fact that “Holcim can be relied on to supply at any time.” The concrete is mixed at the Marina plant, which is only 15 minutes’ drive from the building

A cable-stayed Keppel Bay Bridge links the Marina at Keppel Bay to the mainland.



site, and made available from two new metering and mixing plants with a total production capacity of 240 cubic meters an hour. The plant also runs on weekends and holidays whenever required. The Holcim truck fleet transports some 300 to 500 cubic meters of concrete to the building site every day. "The developer, the investor and the architect expect top-notch quality, reliable service and 24-hour delivery capability", says Jitendra Pragji Desai. "We can guarantee all of that."

Site coordinator ensures smooth operations

Holcim is providing eight different types of concrete to Reflections at Keppel Bay, including one that is particularly water-resistant and G40 PBFC concrete for the piles – it remains moist and elastic for several hours, allowing the sheathing for the piles to be

removed more easily. In order to ensure smooth delivery of the different types of concrete and the highest material and service quality, Holcim has employed a customer service coordinator on this immense construction site. He liaises between the building site, the Holcim call center and the concrete plant and constantly checks quantities delivered, deadlines and the quality of the materials being used. If a delivery were not to meet the requirements, the coordinator would send it back immediately. In the event of delays on the site, he informs the plant right away.

21st century urbanity

Reflections at Keppel Bay project holds out many challenges for those involved. The biggest, though, is the ambitious time frame. Jitendra Pragji Desai says: "We always have to deliver exactly the right quantity at the right time." To date, Holcim has made all deliveries within the specified time limits; including the delivery of the special concrete for the buildings' foundation piles which has just recently been successfully completed. In approximately three years from now, residents will be moving into their new homes within this massive development. At that point, the term "reflections" will stand not only for a mirror image or the process of deep thought but also for a lively and modern 21st century urbanity.

A well-coordinated team (from left to right): J. P. Desai, Head of Product Development & Technical Services of Holcim Singapore, Goh Han Kee, Deputy General Manager (Projects) of Keppel Land Ltd, and Lawrence Tang, Head of Sales & Marketing of Holcim Singapore.


REFLECTION

The realization of Daniel Libeskind's bold design for "Reflections at Keppel Bay" calls for nothing less than excellence from everyone involved. The experience and reliability of Holcim Singapore guarantee maximum material quality and dependable logistics support. The concrete for the development, which is slated for occupancy in three years, comes from the Marina plant, only 15 minutes' drive from the building site.

Group
- Cement plant
- Capacity expansion
- Grinding plant/Cement terminal
- Capacity expansion
- Aggregates

Participation
- Cement plant
- Aggregates

Muted market environment in Europe

Poorer economic environment

The economy across Europe increasingly slowed during the course of 2008, with a number of countries slipping into recession. The UK and Spain were impacted most severely, but Italy, France and Germany were also unable to escape the downturn. In contrast, the economies of Eastern and Southeastern Europe continued to grow. In the last quarter, economic activity declined markedly, particularly in France and Russia.

Construction sector sees business decline

Until mid-2008, demand in the Benelux countries and France was supported by residential construction and investment in the expansion of the road and rail networks. In Germany, the construction sector came under pressure in the second half of the year. In Spain and the UK, the construction sector suffered a sharp drop in volume from the beginning of the year. The difficult financial situation led to a decrease in housing, commercial and industrial building projects. Order situation was stable in the Swiss construction sector.

Eastern and Southeastern Europe continued to enjoy dynamic construction activity, particularly in Romania, Bulgaria and Azerbaijan. The sector came under pressure in Hungary due to the difficult budget situation. In Russia, lower export revenues from commodities trading increasingly curbed construction spending. In the fourth quarter, consumer confidence ebbed and lending practices for new builds also tightened in the whole region.

Weaker sales development

Consolidated deliveries of cement in Europe dropped by 1.7 percent to 33.7 million tonnes. Sales of aggregates decreased by 10.3 percent to 97.6 million tonnes. In contrast, after adjustment for market conditions and acquisitions, sales of ready-mix concrete increased by 6.1 percent to 21 million cubic meters.

In France, the expansion of the high-speed line between the Rhine and the Rhone Rivers and the enlargement of the harbor in Le Havre led to an increase in deliveries of cement. The construction of wind farms in Picardy and Normandy positively influenced ready-mix concrete sales. In Belgium, Holcim increased its cement and ready-mix concrete volumes. In both countries, deliveries of aggregates declined due to accounting reclassifications. On a like-for-like basis, volumes were higher overall. The Dutch Group company mainly benefited from road building and coastal protection projects in the west of the country.

In the UK, Aggregate Industries UK's sales of aggregates and ready-mix concrete were supported by major construction sites for the 2012 Olympics and large-scale rail infrastructure projects. However, deliveries of aggregates of this Group company declined overall. Sales of ready-mix concrete increased slightly due to acquisitions and sales

Consolidated key figures Europe	2008	2007	±%	±% LFL*
Production capacity cement in million t	47.4	48.9	–3.1	
Cement and grinding plants	39	41		
Aggregates plants	262	256		
Ready-mix concrete plants	618	559		
Asphalt plants	67	94		
Sales of cement in million t	33.7	34.3	–1.7	–1.7
Sales of mineral components in million t	2.4	2.4	–	–
Sales of aggregates in million t	97.6	108.8	–10.3	–15.1
Sales of ready-mix concrete in million m^3	21.0	19.8	+6.1	–
Sales of asphalt in million t	6.6	6.8	–2.9	–2.9
Net sales in million CHF	10,043	10,401	–3.4	+3.0
Operating EBITDA in million CHF	2,003	2,399	–16.5	–10.6
Operating EBITDA margin in %	19.9	23.1		
Personnel	23,557	22,905	+2.8	

* Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

of asphalt remained more or less stable. Aggregate Industries UK has responded to the decline in demand and quickly introduced programs to cut costs and boost efficiency, while adjusting personnel numbers in line with the new business situation.

Holcim Germany sold slightly less cement compared with the previous year. Due to acquisitions, the North German Group company reported a considerable increase in deliveries of aggregates and ready-mix concrete. The reasons for positive orders were important projects in the concrete road building sector and the construction of the Elbe Philharmonic Hall in Hamburg designed by architects Herzog & de Meuron. This building has attracted much international interest (see pages 10 to 17). In terms of cement sales, Holcim Southern Germany benefited from the growing demand in the Stuttgart area, which also helped to increase ready-mix concrete volumes in the region. Holcim Switzerland was able to lift its cement volumes. Sales of aggregates remained at the good previous-year levels, while ready-mix concrete volumes fell back slightly. In Italy, the construction sector suffered from the increasingly difficult economic situation. Due to a wider scope of consolidation, the Italian Group company recorded a slight increase in sales of ready-mix concrete.

Holcim Spain was only partially able to compensate for falling domestic cement sales with an increase in exports. Deliveries of aggregates also fell sharply and a slight increase in sales of ready-mix concrete was only achieved due to acquisitions. The Group company has launched a cost-cutting program. This also includes the closure of the cost-intensive Torredonjimeno plant in Andalusia.

Sales volumes in Eastern and Southeastern Europe continued to grow. Substantial EU grants were channeled into the expansion of transport infrastructure and energy supply systems. In particular, the Group companies in Romania and Bulgaria reported sharp increases in deliveries in all segments due to market and acquisition-related factors. Holcim Slovakia benefited from the increase in investment power in the run-up to the introduction of the euro. The Group company also supplied cement to several Holcim ready-mix concrete plants in neighboring Hungary. Brisk construction activity in Prague resulted in an increase in deliveries of aggregates and ready-mix concrete by the Czech Group company. In contrast, cement sales including exports declined. In Serbia, cement sales were higher. After a successful start to the year, Holcim Croatia's business was adversely affected by cement imports. However, production of gravel and sand showed robust development.

In Russia, Alpha Cement's cement sales were affected by the decline in the construction of apartments and commercial buildings in and around Moscow and in other centers across the country. The impact was compounded by maintenance-related production restrictions and stronger competition from Turkish imports. Garadagh Cement in Azerbaijan continued to produce to the limits of its capacity.

Holcim Trading expands its market leadership

Despite challenging market conditions in 2008, Madrid-based Holcim Trading succeeded in expanding its leading position in the international trading of cement, clinker and cementitious materials. The volume traded reached 24 million tonnes (2007: 25). The 4 percent decrease is explained by the global decline in demand for imports.

Lower operating result

In Group region Europe, operating EBITDA decreased by 16.5 percent to CHF 2 billion. The main reason for the weaker result was a heavy decline in demand in the UK and Spain throughout the year as well as one-off costs in connection with the restructuring and the announced plant closure in Spain. Additionally, economic conditions deteriorated strikingly during the fourth quarter 2008. In particular, our Group companies in Russia, France and Italy were financially hit. Most Eastern European companies as well as

Azerbaijan posted higher contributions. It was possible to offset a substantial proportion of the increase in energy costs by means of price adjustments and improvements in efficiency. Overall, internal operating EBITDA development was negative at –10.6 percent.

Targeted capacity expansion

In the cement segment, the main focus was on expansion projects in the growth markets in the east and southeast of the continent. In June, a large-scale kiln line came on stream at Holcim Romania's Campulung plant allowing for a reduction in imported cement. Increased cement capacity was available in Beli Izvor in Bulgaria following extensive expansion work. Other projects underway include the modernization at the Shurovo plant in Russia, which progressed, and a new kiln line to be built at the Garadagh plant in Azerbaijan by 2011. Additionally, Holcim will be commissioning a new cement grinding station near Rouen in mid-2009, thus allowing the company to serve the Greater Paris area cost-effectively.

Holcim Spain has taken an important step toward expansion with the takeover of Tarmac Iberia. The acquisition of this well established building materials group strengthens Holcim's position in the center of the country and along the Spanish Mediterranean coast and will generate attractive synergies. The Group companies in France and Germany have also widened the scope of consolidation. Several Group companies in Eastern and Southeastern Europe enjoy greater market proximity due to strategic acquisitions, plant expansions and increased use of mobile ready-mix concrete units.

Buyout of minority interests

Holcim bought out the remaining minority interests in the Serbian Group company. The minority interests in the Shurovo and Volsk plants were also acquired through the Russian-based Alpha Cement and a Holcim financial holding company.

Alternative fuels strengthen cost efficiency

At the Obourg plant in Belgium, shredded waste materials such as cardboard, textiles and plastics were used in the combustion process for the first time. Similar materials were also used in clinker production in Germany and France. Modified kiln feeding facilities and additional processing platforms allowed Holcim to increase its use of solid and liquid wastes in Spain, Switzerland, Hungary, Romania and Russia.

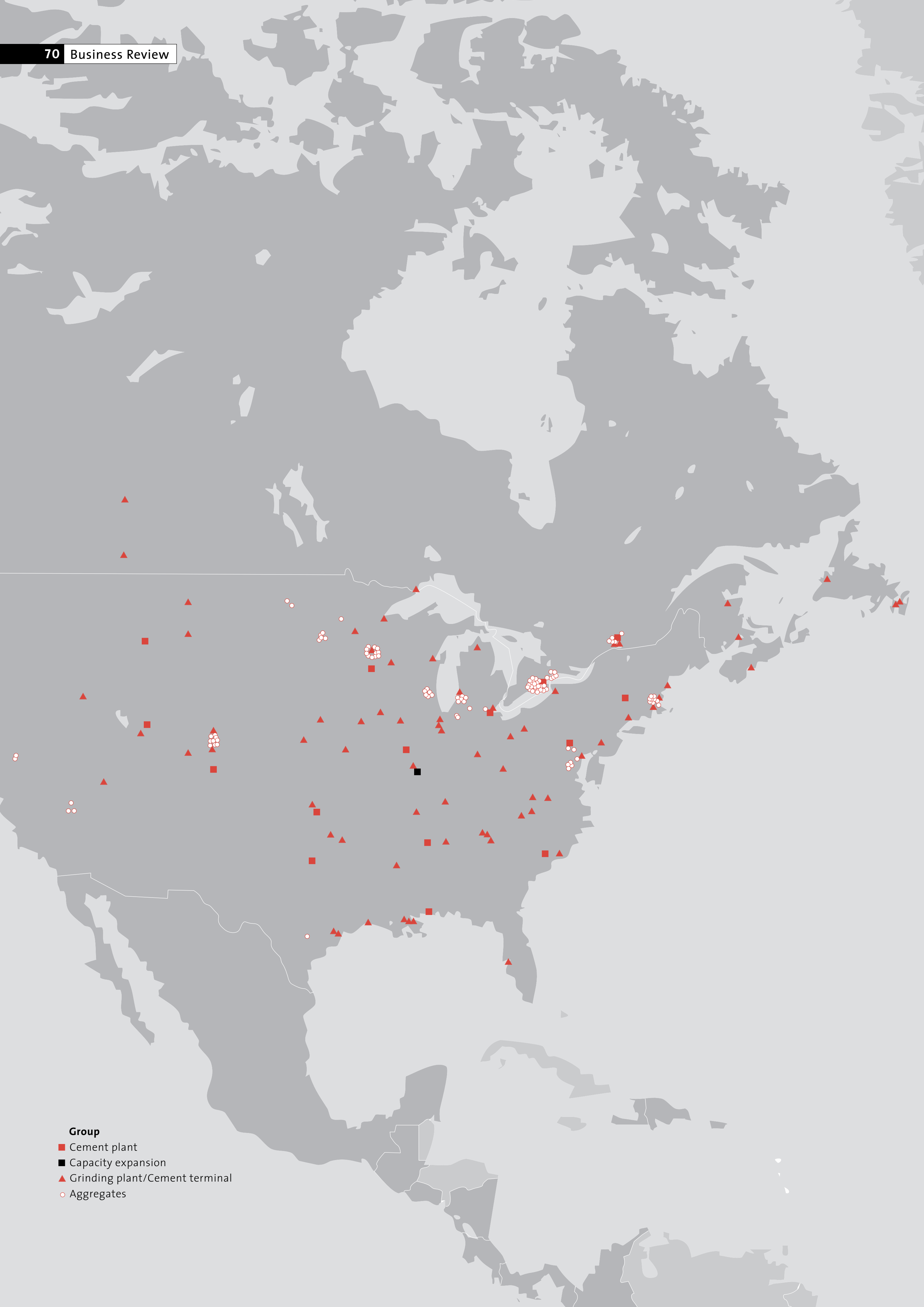
Product innovation based on alternative raw materials

There has been a further increase in the supply of composite cements based on granulated blast furnace slag and fly ash in this Group region. Greater use was made of natural pozzolans and high-quality limestone in cement grinding operations. The use of such mineral components allows a further reduction in the proportion of clinker in cement and a decrease in CO_2 emissions per tonne of cement produced.

As part of its growing product differentiation efforts, Holcim Germany has developed a special cement for motorway construction projects. In doing so, the Group company is setting new standards in concrete road building. Holcim's increased processing capacity means that it is also able to offer CEMROC® concrete with lower CO_2 emissions in Belgium. In the UK, Aggregate Industries UK distributes innovative concrete block paving products consisting of more than 50 percent recycled content.

Muted expectations for Europe

In the final months of 2008, the European economy declined more sharply than expected, and the business environment will remain difficult in 2009. Holcim expects sales of building materials in Western Europe to decline further in line with the general economic development. In the east and southeast of the continent as well, construction activity will lose momentum. All Group companies have launched programs to cut costs and adjust capacity.


Group
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Market downturn in North America

US economy in recession

In 2008, the North American economy was dominated by the deepening financial and economic crisis. In the United States, growth quickly ground to a halt, and the country slipped into recession. This also led to a slowdown in the Canadian economy, which had initially been left unscathed.

Sharp decline in construction activity

In the US, the real estate crisis and the challenges associated with the upheavals in the financial system weighed increasingly and heavily on the construction sector. At the same time, higher energy prices led to rising costs, and there was a sharp decline in home-building. In the first few months of 2008, demand for construction services was supported by commercial and industrial projects. However, the uncertain outlook and tighter lending policies has decreased willingness to invest in this sector. Only the US government's long-term infrastructure plan and higher construction spending in the energy sector positively influenced demand.

The total number of new construction projects in the US fell to its lowest level since 2003, and the proportion of GDP generated by residential construction activity dropped to an all-time low. Cement consumption slumped by more than 12 percent to 97 million tonnes, and aggregates and ready-mix concrete also experienced double-digit rates of decline.

The Canadian construction sector held up comparatively well amid mixed regional growth. However, construction activity lost momentum significantly during the course of the year. Whereas in the west of the country demand for cement remained high almost until the end of the year thanks to the oil and gas industry, the industrial provinces of Ontario and Quebec felt the impact of the crisis in the US slightly sooner. Overall, Canadian cement consumption fell by 2.3 percent to 9.4 million tonnes.

Market share held in difficult conditions

Holcim US sold less cement than the previous year. The Great Lakes region and the area along the Mississippi and Missouri Rivers were particularly badly affected. On the east coast, the receding sales were compounded by heavy and prolonged rainfall. Thanks to major sales efforts and an attractive product range, Holcim US was able to hold its market share.

As a consequence of restructuring, St. Lawrence Cement (since April 15, 2009 Holcim Canada) concentrated on serving the Canadian domestic market and achieved an increase in cement sales volumes. The construction of large apartment blocks and commercial buildings as well as improvements in transport and utility infrastructure had a positive impact.

Cement deliveries in Group region North America declined by 12.2 percent to 14.4 million tonnes.

Consolidated key figures

North America	2008	2007	±%	±% LFL*
Production capacity cement in million t	21.3	22.3	–4.5	
Cement and grinding plants	20	19		
Aggregates plants	115	113		
Ready-mix concrete plants	196	178		
Asphalt plants	57	55		
Sales of cement in million t	14.4	16.4	–12.2	–12.2
Sales of mineral components in million t	1.8	2.3	–21.7	–21.7
Sales of aggregates in million t	49.3	56.9	–13.4	–14.6
Sales of ready-mix concrete in million m^3	7.3	7.3	–	–9.6
Sales of asphalt in million t	6.8	8.0	–15.0	–15.0
Net sales in million CHF	4,527	5,365	–15.6	–7.9
Operating EBITDA in million CHF	486	999	–51.4	–46.2
Operating EBITDA margin in %	10.7	18.6		
Personnel	9,825	11,190	–12.2	

* Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

The sales volumes of Aggregate Industries US suffered from the difficult economic situation. Sales of aggregates, ready-mix concrete and asphalt declined significantly. In the industrial regions – a key market for this Group company – there were few stimuli to counteract the general weakness in the residential construction sector. However, the delivery volumes of Aggregate Industries US were somewhat positively influenced by the construction of roads and state highways as well as by major projects such as the expansion of the Harvard University in Boston and the new Justice Center in Denver.

St. Lawrence Cement recorded a fall in sales of aggregates in the province of Ontario. In contrast, Quebec recorded an increase. Ready-mix concrete volumes increased due to the expanded scope of consolidation. In Ontario, the Group company delivered significant volumes for the construction of the Queen Elizabeth Highway linking Toronto and Niagara Falls. In Quebec, sales rose due to the construction of office buildings and two hydroelectric plants. Follow-up orders from several Canadian airports generated additional demand for gravel, concrete and asphalt.

In North America, consolidated sales of aggregates fell by 13.4 percent to 49.3 million tonnes. As a result of acquisitions, sales of ready-mix concrete were the same as the previous year at 7.3 million cubic meters.

Measures to cut costs and improve efficiency

The US Group companies reacted swiftly to the sharp fall in demand and adjusted their production capacity in line with market developments.

Holcim US reduced cement production at several plants and halted imports altogether. In parallel with this, organizational processes were streamlined. The older plants in Dundee (Michigan) and Clarksville (Missouri) – with a capacity of 2.2 million tonnes of cement – are to be closed.

The new Ste. Genevieve plant will go on stream in the second half of 2009. With an annual capacity of 4 million tonnes of cement, it will decisively strengthen the cost leadership of Holcim US along the Mississippi and Missouri Rivers up to the Great Lakes.

Aggregate Industries US closed quarries and concrete plants in several market regions, while at the same time paring back its workforce substantially and reducing cost. Operational management was also realigned and is now separated into four market regions.

The buyout of minority interests at St. Lawrence Cement in 2007 paved the way for a structural adjustment of cross-border cement operations. By focusing on Canada since the beginning of 2008, it was able to engage in more efficient marketing and fully utilize cost-cutting potential.

Marked decline in operating result

The operating result in Swiss francs was depressed by a combination of the unsatisfactory sales, higher input costs for energy and raw materials, one-off costs for plant closures and the weak US dollar. Operating EBITDA for Group region North America decreased by 51.4 percent to CHF 486 million. At –46.2 percent, internal operating EBITDA development was also negative.

The US Group companies were unable to match the previous year's performance. At Holcim US, prices decreased slightly and the decline in sales volumes and higher input costs were only partially offset by efficiency gains. With its products, Aggregate Industries US was operating in a more stable price environment. However, the result was affected by the decline in sales of aggregates and ready-mix concrete and the general surge in costs. On a like-for-like basis, St. Lawrence Cement almost matched the previous-year result, thanks to the demand in the construction services and asphalt segments.

Focused on sustainable development

Despite the difficult market environment, the North American Group companies systematically pursued the objective of sustainability, giving particular priority to the use of alternative fuels and raw materials in cement manufacturing.

In 2008, virtually all Holcim US and St. Lawrence Cement plants increased their capacity to utilize alternative energy sources. In Colorado, the waste recycling arm of Holcim US – Geocycle US – took over the state's largest old tire collection operation. In Oklahoma, supply contracts were signed with the local tire industry. These accumulated sources will be utilized in the production process at the Midlothian plant. Based on the strength of these successful experiences, the environmental authorities gave several plants in the US and in Canada the go-ahead to expand their use of alternative energy sources.

Geocycle US also recently achieved OSHAS 18001 certification. This confirms that as well as complying with the strict quality and environmental requirements laid down by ISO 90001 and ISO 14001, the company has also met international health and safety standards in the workplace.

In one market region, Aggregate Industries US opted to run a portion of its fleet of truck mixers on biofuel in addition to propane and natural gas. Also waste heat produced by the kiln at St. Lawrence Cement's plant in Mississauga is used to dry granulated blast furnace slag leading to cost savings and lower emissions.

Composite cements gaining ground

St. Lawrence Cement has long been campaigning for amendments to Canada's cement standards to allow approval of increased use of innovative composite cements. Following the successful completion of a wide-ranging approval procedure, the Group company has for the first time been able to market a composite cement containing a higher proportion of limestone. Products of this kind with a low clinker factor and lower CO_2 emissions meet with a positive response. Holcim US also increased its use of composite cements.

Market environment remains difficult

In 2009, the US construction sector appears set for a further slowdown. The economic aid package announced by the new US administration should provide some stimulus for the infrastructure sector toward the end of the year. In Canada, Holcim expects the market to weaken, particularly in Ontario and Quebec.


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Stable demand for construction materials in Latin America

Intact economy

In 2008, Latin America's economy continued to grow thanks to persistent strong domestic demand. However, a number of countries experienced some loss of economic momentum compared with the previous year, especially in the fourth quarter. For instance, these include Mexico and El Salvador, which show a relatively close correlation with the economic development in the United States. Nicaragua and Costa Rica posted gains, followed by Panama, Ecuador, Colombia, Brazil and Argentina.

Construction industry holding its own

Cement consumption increased in all Group markets apart from Mexico, El Salvador and Colombia. Private and public-sector residential construction boosted volumes of building materials sold, as did transport and utility infrastructure projects. However, demand for construction services decreased in the second half of the year. Export-oriented companies were particularly affected by the decline in the US economy and a drop in commodity prices. Above-average inflation and the financial crisis also depressed investment and purchasing power, which led to a halt in commercial and industrial projects.

The situation was compounded by the Mexican government's decision to postpone infrastructure projects and development programs in the housing sector. In El Salvador, a decline in remittances from abroad had a major impact on private housebuilding in the second half of the year. Prior to the signing of the free trade agreement with the United States, Costa Rica's construction sector had a very good first half of the year. In Panama, there was no let-up in the strong demand for building materials driven by increasing public investment in the run-up to the 2009 presidential elections.

In Ecuador, the construction sector benefited from higher order volumes in the social housing sector and infrastructure expansion projects, while construction activity in Colombia was dampened by rising interest rates. The Brazilian economy continued to recover, prompting a significant increase in construction activity in all segments. In Chile, higher government spending on the development of transport infrastructure more than made up for a decline in the construction of social housing. In Argentina, May and June saw deliveries of building materials obstructed by strikes in response to higher taxes on exports. Despite this, construction output was once again up when compared to the previous year.

Increase in volumes in all delivery segments

Most Group companies were able to achieve increases in sales of cement. On a consolidated basis, deliveries rose by 2.3 percent to 27.2 million tonnes. Sales of aggregates increased by 7.2 percent to 13.4 million tonnes, while sales of ready-mix concrete advanced by 10.4 percent to 11.7 million cubic meters.

Holcim Apasco in Mexico again posted substantial sales volumes in all segments although deliveries retracted significantly in the fourth quarter. Excellent market positioning and higher exports limited the decline in the cement segment. Deliveries of aggregates developed positively and sales of ready-mix

Consolidated key figures

Latin America	2008	2007	±%	±% LFL*
Production capacity cement in million t	31.9	34.0	–6.2	
Cement and grinding plants	27	29		
Aggregates plants	26	25		
Ready-mix concrete plants	231	233		
Sales of cement in million t	27.2	26.6	+2.3	+2.3
Sales of aggregates in million t	13.4	12.5	+7.2	+7.2
Sales of ready-mix concrete in million m^3	11.7	10.6	+10.4	+9.4
Net sales in million CHF	4,170	4,010	+4.0	+14.8
Operating EBITDA in million CHF	1,194	1,256	–4.9	+6.0
Operating EBITDA margin in %	28.6	31.3		
Personnel	13,548	13,409	+1.0	

* Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

concrete were also well above the previous-year level despite the decline in residential construction. In addition to the expansion of the road and motorway network, major projects in the energy sector and the construction of hotels and business centers on the Yucatan peninsula led to increases in deliveries of building materials.

With the exception of Cemento de El Salvador, all of the Central American Group companies increased their sales of cement. Deliveries of building materials followed similar positive trends in Costa Rica and Nicaragua. A new plant for aggregates was put into service in Puerto Viejo in Nicaragua. For the first time, the local Group company supplied ready-mix concrete for the construction of two concrete roads in Managua. In Panama, Holcim was able to fully utilize capacity in the cement and ready-mix concrete segments.

In Ecuador, investment in the expansion of the road and rail networks and the construction of Quito's new airport supported sales volumes. Holcim Colombia's cement sales remained stable, and deliveries of ready-mix concrete were stimulated by additional production capacity and mixer trucks. Sales of cement and aggregates were also up relative to the previous year in Venezuela, but there was a decrease in deliveries of ready-mix concrete.

Thanks to intensive marketing, Holcim Brazil posted strong volume growth in all segments. Sales of ready-mix concrete were supported by major commercial building projects such as the new "João Havelange" football stadium and the "Cidade da Música" in Rio de Janeiro as well as the construction of administrative buildings by the industry and the government.
An excellent example is the federal state building of Minas Gerais in Belo Horizonte, designed by architect Oscar Niemeyer (see pages 42 to 49).

In Argentina, Minetti succeeded in maintaining cement sales and also achieved a slight increase in ready-mix concrete deliveries. With the opening of a quarry in Córdoba, the Group company established a successful foothold in this product segment as well. Cemento Polpaico in Chile increased its sales of cement and ready-mix concrete despite the entry of a new competitor in the market.

Solid organic growth in operating results

Despite the massive rise in energy prices and more price control by the authorities, Group region Latin America reported a significant increase in operating EBITDA in local currency terms. Due to the deterioration in the exchange rate versus the Swiss franc – in the case of Mexico, Colombia, Argentina and Chile – operating EBITDA declined by 4.9 percent to CHF 1.2 billion. The Group region result also reflects the tougher business conditions in some markets during the fourth quarter. The Group region posted internal operating EBITDA growth of 6 percent.

Almost all Group companies increased their contributions in local currency, with the key exception of Cemento Polpaico in Chile, where increasingly fierce competition had a negative impact. Holcim Apasco in Mexico was not quite able to match its previous-year results. Holcim Costa Rica and Cemento Panamá posted clear improvements in their results. Holcim also fared better in local currency terms in Venezuela, Colombia, Ecuador and Brazil.

Capacity expansion in specific locations

In March 2008, the foundation stone was laid for a new cement plant in Hermosillo in Mexico, which will have an annual capacity of 1.6 million tonnes of cement. From 2010, the new plant will strengthen Holcim Apasco's presence in the northwest of the country.

Cemento de El Salvador is substantially expanding the clinker capacity of its Maya plant. The modernization work involved will represent an important contribution toward improving energy efficiency and reducing emissions.

In Panama, Colombia and Argentina, grinding capacity at existing plant locations is being increased in line with demand.

In August 2008, Holcim signed an agreement in principle in the context of the nationalization of the Venezuelan cement industry. Under the agreement, an 85 percent stake in Holcim Venezuela is to be transferred to the government, while Holcim will retain a 15 percent interest. Contrary to the intention to conclude the transaction by the end of 2008 at the latest, as stated in the nationalization decree of mid-June, whilst the Venezuelan government has assumed operational control of the company, to date no payment has been made.

Growing use of alternative fuels
To increase plant efficiency and optimize cost structures, practically all Group companies made greater use of solid and liquid recyclable materials in the combustion process. There was also continued increase in the use of alternative raw materials in cement production.

Holcim Apasco used larger quantities of old tires in its Acapulco plant as well as increasing the proportion of non-conventional energy sources in the fuel mix at other Mexican sites. In Ecuador, modifications made to the kiln-firing system made it possible to increase the use of biomass fuels such as rice husks.

The Group companies in Costa Rica, Colombia and Brazil installed additional storage and processing capacity for alternative fuels and raw materials.
In Argentina, the commissioning of a new grinding station for petcoke at the Malagueño plant will reduce Minetti's energy costs. A multiannual supply agreement with the national oil company in Chile has allowed Cemento Polpaico to use this alternative energy source as its main fuel.

Launch of new composite cements
In Brazil, sales of composite cements based on granulated blast furnace slag have increased markedly thanks to the increase in grinding capacity at the Pedro Leopoldo and Cantagalo plants. Sales of these new types of cement, which contain a smaller proportion of clinker and significantly lower CO_2 emissions, also increased in Mexico, Nicaragua, Panama, Argentina and Chile.

All companies systematically continued working on projects to curb emissions. Measures taken in El Salvador, Ecuador, Brazil and Argentina included the replacement of dust filtration systems as planned and investment in improving noise protection.

Holcim Brazil opened modern laboratory and analysis facilities to ensure that its waste recycling operations remain safe and environmentally friendly as well as to expand the range of employable alternative fuels.

Stable volumes and results expected
The change in the global economic environment and falling commodity prices will have a negative impact on economic activity in Latin America. Order volumes in the construction sector are therefore expected to decline. The downturn can be expected to be more acute in Mexico and Central America because of their proximity to the US markets. Market conditions should be more stable in South America and particularly in Brazil.


Group
Cement plant
Grinding plant/Cement terminal
Aggregates
Participation
Cement plant
Capacity expansion
Grinding plant/Cement terminal
Aggregates

Good business environment and high capacity utilization

Solid economic growth

The economic conditions in Group region Africa Middle East remained favorable. The Moroccan construction industry benefited from a thriving agricultural sector, which gave additional room for investments in housing and infrastructure. In Lebanon, the highest real increase in growth for many years stimulated residential construction activity. In West Africa and the Indian Ocean, the construction sector was also supported by residential and infrastructure construction projects.

Favorable sales volumes

Holcim Morocco lifted its cement and ready-mix concrete sales, while volumes of aggregates had a stable development. The reconstruction work in Beirut and in the south of the country enabled Holcim Lebanon to increase its sales of ready-mix concrete. To improve supplies to the market, an additional ready-mix concrete plant was built in Tyre. Exports of cement and clinker from the Chekka plant were also up. The Indian Ocean region recorded an increase in cement deliveries, and sales of aggregates increased as a result of an acquisition. In La Réunion, the ready-mix concrete business experienced a positive development.

As a consequence of the deconsolidations in South Africa and Egypt, sales volumes declined substantially in all segments. On a like-for-like basis, Holcim's deliveries increased: 9.7 percent for cement, 1.8 percent for aggregates and 11.8 percent for ready-mix concrete.

Good results by a majority of Group companies

The changes in the scope of consolidation also affected the Group region's financial results, but on a like-for-like basis operating EBITDA increased by 6.9 percent to CHF 368 million.

New cement plant in Morocco fully operational

At the new cement plant of Holcim Morocco in Settat, the capacity of 1.7 million tonnes came fully on stream already in the first half of 2008. The additional production volume was very well absorbed by the market due to the brisk construction activity. Holcim Trading commissioned new grinding capacities to meet demand for construction materials in Qatar and Abu Dhabi in the Gulf region.

Growing importance of alternative fuels and raw materials

Holcim Morocco has set up additional processing capacity for liquid fuels near Casablanca. Moreover, all three plants of this company increased the use of old tires in the combustion process. Sales of composite cements increased in Morocco, Lebanon and La Réunion.

Stable outlook

Group region Africa Middle East should for the most part continue to make progress in 2009. Morocco is expected to see more moderate growth. The construction materials markets of Lebanon, West Africa and the Indian Ocean should also positively develop under stable political conditions. The Group region as a whole is expected to see satisfactory sales volumes and operating results.

Consolidated key figures

Africa Middle East	2008	2007	±%	±% LFL*
Production capacity cement in million t	11.1	13.9	–20.1	
Cement and grinding plants	14	13		
Aggregates plants	5	3		
Ready-mix concrete plants	25	20		
Asphalt plants	1	0		
Sales of cement in million t	9.7	14.5	–33.1	+9.7
Sales of mineral components in million t	0	0.2	–100.0	–
Sales of aggregates in million t	2.7	5.7	–52.6	+1.8
Sales of ready-mix concrete in million m^3	1.2	1.7	–29.4	+11.8
Sales of asphalt in million t	0.1	0	–	–
Net sales in million CHF	1,354	1,831	–26.1	+16.3
Operating EBITDA in million CHF	368	653	–43.6	+6.9
Operating EBITDA margin in %	27.2	35.7		
Personnel	2,477	2,795	–11.4	

* Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.


Group
Cement plant
Capacity expansion
Grinding plant/Cement terminal
Capacity expansion
Aggregates

Participation
Cement plant
Grinding plant/Cement terminal

Robust demand for building materials in a challenging environment

Weaker economic data
Economic growth in this region lost momentum. The financial crisis and outflows of foreign capital led to liquidity shortages in some emerging markets. At the same time, many currencies lost value on a massive scale. Interest rates in India rose as a result of the government's anti-inflation policy. Thailand, a significant export country, saw a drastic fall in foreign demand, and in the Philippines, remittances by migrant workers from abroad, which are important for the domestic economy, retracted sharply. Australia and China performed relatively well in comparison.

All countries served by Holcim increased their individual economic output. India, Bangladesh, Vietnam, Malaysia and Indonesia achieved the highest growth rates. Although Singapore and New Zealand again recorded full-year growth, they both ended the year in recession.

Capacity in the construction industry well utilized
India again posted an impressive increase in cement consumption. Urban residential construction activity was dampened by higher interest rates and tighter lending. In contrast, rural homebuilding and infrastructure sectors progressed positively. Bangladesh enjoyed brisk construction activity, while cement consumption in Sri Lanka declined for the first time in a number of years following the termination of the ceasefire agreement. In Thailand, the investment climate was depressed by the political situation.

In Malaysia, the construction sector received a boost from the government's long-term economic plan and an increase in funds flow from the Gulf region. In Singapore, the construction of hotels, office buildings and apartments declined sharply. Only infrastructure projects supported demand. Vietnam's construction sector benefited from the expansion of port facilities and industrial infrastructure as well as from urban development projects in Ho Chi Minh City and other centers within the country.

In the Philippines, higher demand for building materials from private and commercial construction projects compensated for the decline in volumes from the public sector. Thanks to an improving domestic economy and an increase in purchasing power, Indonesia required significantly larger quantities of building materials for private construction as well as public infrastructure projects. In Australia, the business environment deteriorated as a result of the global slump in demand for commodities, although there was an increase in activity on structural and civil engineering projects.

Positive trend in terms of volume
With the exception of those in Thailand, Singapore and New Zealand, all other Group companies increased their deliveries of cement.

Both Indian Group companies posted solid volume growth in 2008, partly due to high pent-up demand in the homebuilding and infrastructure sectors. In the northern regions, rising cement imports from Pakistan led to fierce competition. The ban on exports of

Consolidated key figures Asia Pacific	2008	2007	±%	±% LFL*
Production capacity cement in million t	82.7	78.7	+5.1	
Cement and grinding plants	51	49		
Aggregates plants	7	8		
Ready-mix concrete plants	147	115		
Sales of cement in million t	65.6	64.9	+1.1	+0.6
Sales of mineral components in million t	0.6	0.6		
Sales of aggregates in million t	4.7	4.0	+17.5	+12.5
Sales of ready-mix concrete in million m^3	7.3	5.8	+25.9	+22.4
Net sales in million CHF	6,109	6,292	–2.9	+11.3
Operating EBITDA in million CHF	1,495	1,844	–18.9	–6.2
Operating EBITDA margin in %	24.5	29.3		
Personnel	36,196	38,133	–5.1	

* Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

cement, which was only lifted in June, had a negative impact on Ambuja Cements. Another factor was the severe monsoon which affected the north of the country and temporarily halted cement deliveries from several plants. The heavy rainfall did however result in a good harvest which boosted the purchasing power of the rural population and had a favorable impact on construction activity. This, coupled with the government's economic stimulus program, led to a larger-than-average increase in deliveries in the two last months of 2008.

Holcim saw an increase in cement sales in Bangladesh and matched its previous-year volumes in Sri Lanka. In Vietnam, the Group company posted a substantial increase in sales of cement as well as higher sales of ready-mix concrete. In the area around Ho Chi Minh City in particular, Holcim strengthened its market presence with new ready-mix concrete plants and a larger fleet of mixer and pump trucks. In Thailand, Siam City Cement saw a decline in both domestic and exported sales of clinker and cement. At the end of the year, the company temporarily closed an additional kiln line at its Saraburi plant. In the ready-mix concrete segment, orders for high-rise buildings in Bangkok led to an increase in deliveries. In Singapore, Jurong Cement's production volume was available for a full year for the first time. Volumes were supported by major projects such as the "Reflections at Keppel Bay", a development by architect Daniel Libeskind (see pages 58 to 65). Sales of cement and ready-mix concrete also increased in neighboring Malaysia.

The Group companies in Indonesia and the Philippines increased domestic cement sales. Both companies exported considerable quantities of clinker and cement. In Indonesia, the need for additional office space for the booming IT and telecoms industry resulted in construction activity. Three new power plant buildings had a very positive impact on deliveries of ready-mix concrete. In the Philippines, volumes were boosted by the construction of a shipyard in Hanjin and the expansion of Manila's local transportation network. In 2008, the company made a successful entry into this segment with the commissioning of several ready-mix concrete plants. In New Zealand, the recession led to a decline in deliveries of cement and ready-mix concrete. However, Cement Australia saw an increase in sales of cement.

Cement sales in Group region Asia Pacific grew by 1.1 percent to 65.6 million tonnes. Deliveries of aggregates rose by 17.5 percent to 4.7 million tonnes. Ready-mix concrete enjoyed the strongest growth, rising 25.9 percent to 7.3 million cubic meters. This reflects progressive vertical integration in the region's main urban centers.

Regional result depressed by higher input costs and currency effects

The consolidated operating EBITDA decreased by 18.9 percent to CHF 1.5 billion. At –6.2 percent, internal operating EBITDA development was negative. The positive volumes contrasted with massive increases in the cost of energy, raw materials and transportation. Efficiency gains and price adjustments only partially compensated for the additional expense. Government anti-inflation measures limited in particular the two Indian Group companies' ability to pass on the sharp rise in purchasing costs. Finally, the deterioration in the exchange rate situation put pressure on the results in Swiss francs. Only Holcim Indonesia and Holcim Vietnam increased their contributions to the result of this Group region.

Targeted capacity expansion in important markets

India's construction sector will continue to grow. ACC has accordingly commissioned additional capacity or has such capacity under construction. Annual cement capacity at the Wadi plant was increased by 0.5 million tonnes to 2.6 million tonnes. New grinding capacity for the production of fly ash-based blended cements was commissioned in Surat. By the end of 2010, the Group's total capacity in India will increase from today's figure of around 45 million tonnes to well over 55 million tonnes. Holcim Vietnam acquired a cement grinding station with an annual output of 1 million tonnes in the southern part of the country, strengthening the Group's presence in Ho Chi Minh City and the upper Mekong delta. With the purchase of a grinding plant in Ciwandan, Western Java, Holcim Indonesia increased cement production by 0.6 million tonnes to 8.6 million tonnes of cement.

Larger holding in Huaxin Cement in China
During the period under review, the Group increased its holding in the Chinese cement manufacturer Huaxin Cement from 26.1 percent to 39.9 percent by means of a private placement. In 2008, the company commissioned two new kiln lines and three grinding stations. With a production capacity of 38 million tonnes of cement, Huaxin Cement is one of China's leading cement producers. The company is well positioned to benefit more than many from the predicted rise in demand for cement, particularly in the central and western provinces.

Geocycle as leading waste disposal service provider
The Group companies increased their use of alternative fuels and raw materials, installing additional storage and processing capacity at numerous locations. This enabled Holcim Lanka, for example, to negotiate a long-term contract for waste disposal services in the Katunayake export zone. This will provide efficient and environmentally friendly waste recycling for the nearly one hundred companies based in the area. Upon receiving the necessary regulatory approvals, Geocycle commenced co-processing of defective or out-of-date merchandise produced by multinational companies' at various locations in India, including Kymore, Wadi and Madukkarai. Other Group companies in Geocycle's Asian network also expanded their service offerings to manufacturers with national and regional operations.

Holcim Indonesia optimized kiln-firing systems at its Cilacap and Narogong plants to allow more biomass to be used in the combustion process. The company is also participating in the nation's largest "Clean Development Mechanism (CDM) Program" for the use of conventional fuels. By means of the UN-supervised CDM programs, the Indonesian government intends to make a contribution toward cutting emissions.

Dampened growth outlook
In line with the global economic trend for 2009, Asia Pacific can expect to see a further slowdown in growth. The development of the Chinese and Indian economy will be important for the whole region. Demand in the construction sector is expected to progress due to an increasing demand for affordable housing and major infrastructure projects. In many places, the planned and already partially implemented measures to stimulate economic activities should further support the building sector. Sales of cement and ready-mix concrete should therefore increase overall in Group region Asia Pacific.

Corporate Governance

Holcim has high standards when it comes to effective corporate governance, thus ensuring responsible and transparent company leadership and management geared to long-term success. This is the only way to meet all the demands of our various stakeholder groups, whether shareholders, creditors, customers, employees or the local communities within which we operate.

Managing responsibly

Corporate governance puts the focus not only on business risks and the company's reputation, but also on corporate social responsibility for all relevant stakeholders. As a responsible enterprise, we recognize the significance of effective corporate governance. We show respect for society and the environment, communicate in an open and transparent manner and act in accordance with legal, corporate and ethical guidelines. To underline this, a Code of Conduct binding on the entire Group has been part of the mission statement since 2004.

A number of aspects merit emphasis. According to good governance principles at Holcim, the functions of Chairman of the Board of Directors and CEO are separate – a key element in ensuring a balanced relationship between management and control. With the exception of Markus Akermann, the CEO of Holcim Ltd, all directors are independent within the meaning of the Swiss Code of Best Practice for Corporate Governance. Since the introduction of a standard registered share in 2003, the principle of "one share, one vote" is valid.

The information published in this chapter conforms to the Corporate Governance Directive of the SIX Swiss Exchange (SIX) and the disclosure rules of the Swiss Code of Obligations. In order to enhance the clarity of this chapter, reference is made to other parts of the Annual Report and to our website (www.holcim.com). An overview of the duties of the Audit Committee and the Governance, Nomination & Compensation Committee as well as the Regulations Governing Organization and Operations is provided on pages 86 to 89 of this report.

Group structure and shareholders

Holcim Ltd is a holding company operating under the laws of Switzerland for an indefinite period and with its registered office in Rapperswil-Jona (Canton of St. Gallen, Switzerland). It has direct and indirect interests in all the companies listed on pages 178 to 180 of the Annual Report.

The management structure as at December 31, 2008 and its changes during 2008 are described in this chapter. The current organizational chart is shown on page 33.

The Group is basically organized by geographical regions.

Holcim has no mutual cross-holdings in any other listed company, nor were any shareholders' agreements or other agreements regarding voting or holding of Holcim shares concluded by Holcim.

More detailed information regarding business review, Group structure and shareholders can be found on the following pages of the Annual Report:

Topic	Page(s)
Business review in the individual Group regions	66–83
Segment information	134–137
Principal companies	178–180
Information about listed Group companies	39, 179
Important shareholders	194

Capital structure

In 2003, the introduction of single registered shares was a prerequisite to comply with international capital market requirements in terms of an open, transparent and modern capital structure and considerably enhanced attractiveness for institutional investors. The share capital of Holcim Ltd is divided into the following categories:

Share capital

The share capital is divided into 263,586,090 registered shares of CHF 2 nominal value each. As at December 31, 2008, the nominal, fully paid-in share capital of Holcim Ltd amounted to CHF 527,172,180.

Conditional share capital

The share capital may be raised by a nominal amount of CHF 2,844,700 through the issuance of a maximum of 1,422,350 fully paid-in registered shares, each with a par value of CHF 2 (as at December 31, 2008). The conditional capital may be used for exercising convertible and/or option rights relating to bonds or similar debt instruments of the company or one of its Group companies. In the year under review, no conversion rights have been exercised.

Authorized share capital/Certificates of participation

As at December 31, 2008, there was neither authorized share capital nor were certificates of participation outstanding.

Additional information can be found as follows:

Topic	
Articles of Incorporation Holcim Ltd	www.holcim.com/corporate_governance
Code of Conduct	www.holcim.com/corporate_governance
Changes in equity Holcim Ltd	192 www.holcim.com/equity
Detailed information on conditional capital	Articles of Incorporation, Art. 3bis
Key data per share	38–41, 168, 194–195
Rights pertaining to the shares	Articles of Incorporation, Art. 6, 9, 10
Regulations on transferability of shares and nominee registration	97–98 Articles of Incorporation, Art. 4, 5
Convertible bonds and warrants/options	156–157, 166–167

Board of Directors

The Board of Directors consists of 13 members, 12 of whom are independent within the meaning of the Swiss Code of Best Practice for Corporate Governance, CEO Markus Akermann being the sole executive member of the Board of Directors. According to Art. 15 of the Articles of Incorporation, all directors are shareholders of the company.

On May 7, 2008, the annual general meeting of shareholders has elected Christine Binswanger and Robert F. Spoerry to the company's Board of Directors in replacement of Willy R. Kissling and Gilbert J. B. Probst, who have opted not to stand for re-election.

New members of the Board of Directors are introduced in detail to the company's areas of business.

Please see pages 100 to 103 for the biographical information of the Board members.

The Board of Directors meets as often as business requires, but at least four times each year. In 2008, five regular meetings, one strategy meeting and four meetings without the presence of the Executive Committee were held. The Board of Directors held three regular meetings with all members present and two meetings with two members excused. As a rule, the members of the Executive Committee attended the regular meetings of the Board as guests. The average duration of each meeting was 4 hours.

Composition of the Board of Directors

Rolf Soiron	Chairman[1]
Andreas von Planta	Deputy Chairman
Markus Akermann	Member
Christine Binswanger	Member
Lord Norman Fowler	Member
Erich Hunziker	Member
Peter Küpfer	Member[2]
Adrian Loader	Member
H. Onno Ruding	Member
Thomas Schmidheiny	Member
Wolfgang Schürer	Member
Dieter Spälti	Member
Robert F. Spoerry	Member

[1] Governance, Nomination & Compensation Committee Chairman.
[2] Audit Committee Chairman.

Elections and terms of office of the Board of Directors

The members of the Board of Directors are each elected for a three-year term of office. Elections are staggered such that every year approximately one third of the Board of Directors is standing for election.

In general, the exercise of service on the Board is possible until the retirement age of 70 years or the total terms of office (4 x 3 years plus additional 3 years upon motion of the Governance, Nomination & Compensation Committee) is reached.

Since 2002, the following expert committees have been set up:

Audit Committee

The Audit Committee decides on the external auditors' audit concept and mandate. It also assists and advises the Board of Directors in conducting its supervisory duties, in particular with respect to the internal control systems. It examines and reviews the reporting for the attention of the Board of Directors and evaluates the Group's external and internal audit system, reviews the risk management processes that are applied within the Group and evaluates financing issues.

Other major Swiss and foreign activities of the Board of Directors outside the Holcim Group as at December 31, 2008

Board of Directors	Main activity	Position
Rolf Soiron	Lonza Group Ltd, Basel*	Chairman of the Board
	Nobel Biocare Holding AG, Zurich*	Chairman of the Board
Andreas von Planta	SIX Swiss Exchange AG, Zürich	Chairman of the Regulatory Board
	Schweizerische National-Versicherungs-Gesellschaft, Basel*	Vice Chairman of the Board
	Novartis AG, Basel*	Member of the Board
Christine Binswanger	Herzog & de Meuron, Basel	Partner
Erich Hunziker	Chugai Pharmaceutical Co. Ltd., Tokyo (Japan)*	Member of the Board
	Genentech Inc., San Francisco (USA)*	Member of the Board
Peter Küpfer	Julius Bär Holding AG, Zurich*	Member of the Board
	Metro AG, Düsseldorf (Germany)*	Member of the Supervisory Board
Adrian Loader	Candax Energy Inc., Toronto (Canada)*	Chairman of the Board
	Air Products & Chemicals, Allentown (USA)*	Member of the European Advisory Board
	GardaWorld, Montreal (Canada)*	Member of the International Advisory Board
H. Onno Ruding	BNG (Bank for the Netherlands Municipalities), The Hague (Netherlands)	Chairman of the Supervisory Board
	Corning Inc., Corning (USA)*	Member of the Board
	RTL Group SA, Luxemburg*	Member of the Board
Thomas Schmidheiny	Schweizerische Cement-Industrie-Gesellschaft, Rapperswil-Jona	Chairman of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona	Chairman of the Board
Wolfgang Schürer	Swiss Reinsurance Company, Zurich*	Member of the Swiss Re Advisory Panel
Dieter Spälti	Rieter Holding AG, Winterthur*	Member of the Board
	Schweizerische Cement-Industrie-Gesellschaft, Rapperswil-Jona	Member of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona	Member of the Board
Robert F. Spoerry	Mettler-Toledo International Inc., Greifensee*	Chairman of the Board
	Conzzeta Holding AG, Zurich*	Member of the Board
	Schaffner Holding AG, Luterbach*	Member of the Board
	Sonova Holding AG, Stäfa*	Member of the Board

* Listed company.

Composition of the Audit Committee

Peter Küpfer	Chairman
Andreas von Planta	Member
H. Onno Ruding	Member

All members are independent, which ensures the degree of objectivity required for the Audit Committee to exercise its function. In 2008, four regular meetings of the Audit Committee were held. All of the meetings were attended by all members of the committee. Three meetings were also attended by the auditors and at two meetings, the Head of Group Internal Audit was present for certain agenda items. Furthermore, the Chairman of the Board of Directors, the CEO and the CFO attended the meetings of the Audit Committee as guests as well. The average duration of each meeting was 4.4 hours. In 2008, note was duly taken of the revision to the International Financial Reporting Standards (IFRS) and of the project work relating to the introduction of the new requirements to be met by the ICS (internal control system) as set forth in the Swiss Code of Obligations. The Audit Committee's Charter is available on our website at www.holcim.com/corporate_governance.

Governance, Nomination & Compensation Committee

The Governance, Nomination & Compensation Committee supports the Board of Directors by supervising succession planning within senior management and the Board of Directors and by closely monitoring developments with regard to financial compensation for the Board of Directors and senior management. The committee also decides on the compensation paid to the Executive Committee as well as on the definition of the CEO's targets and the content of the latter's performance assessment and informs the Board of Directors as a whole of the decisions taken.

After Willy R. Kissling's retirement from the Board of Directors, Wolfgang Schürer has been appointed to the Governance, Nomination & Compensation Committee.

Composition of the Governance, Nomination & Compensation Committee

Rolf Soiron	Chairman
Erich Hunziker	Member
Thomas Schmidheiny	Member
Wolfgang Schürer	Member

The Governance, Nomination & Compensation Committee held three regular meetings. All of the meetings were attended by all members of the committee. The meetings were also attended by the CEO as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each meeting was 3.3 hours. The Charter of the Governance, Nomination & Compensation Committee may be found on our website at www.holcim.com/corporate_governance.

Areas of responsibility

The division of responsibilities between the Board of Directors and the Executive Committee is set out in detail in the company's Regulations Governing Organization and Operations (Organizational Rules).

The Organizational Rules entered into force on May 24, 2002 and shall be reviewed at least every two years and amended as required. The Regulations were last amended in 2007.

The Organizational Rules were issued by the Board of Directors of Holcim Ltd in accordance with the terms of Art. 716b of the Swiss Code of Obligations and Art. 19 of the company's Articles of Incorporation. They stipulate the organizational structure of the Board of Directors and the Executive Committee and govern the tasks and powers conferred on the company's executive bodies. They regulate the convocation, execution and number of meetings to be held by the Board of Directors and the Executive Committee as well as the requirements necessary for the passing of respective resolutions. The Organizational Rules set out the tasks and responsibilities of the Chairman of the Board of Directors and the CEO. In the event that the Chairman of the Board of Directors is not in a position to act independently, the Organizational Rules provide for the election of an Independent Lead Director, such election being confirmed on a yearly basis.

The Board of Directors also has the power to establish specialist committees and, if required, ad-hoc committees for special tasks.

As part of its non-transferable statutory tasks and responsibilities, the Board of Directors defines the corporate strategy, approves the consolidated budget and reviews the professional qualifications of the external auditors.

The Executive Committee is responsible for operational management, preparing the business of the Board of Directors and executing the latter's resolutions, in addition to development and implementation of the corporate strategy. The Executive Committee is empowered to issue policies with Group-wide significance; furthermore, the Executive Committee is empowered to elect and dismiss Area Managers, Corporate Functional Managers, Function Heads and CEOs of Group companies as well as the members of the board of directors and supervisory bodies of the Group companies.

Under the budget approval process, the Board of Directors defines an investment and financing ceiling. Within this ceiling, the Executive Committee decides, under its own authority, on financing transactions and on one-off investments and divestments for an amount of up to CHF 200 million. Decisions on investments or divestments beyond this amount are taken by the Board of Directors. The Board of Directors is periodically informed about important transactions falling within the remit of the Executive Committee.

The members of the Executive Committee may, in concert with the CEO, delegate their tasks in relation to their geographical areas of responsibility to Area Managers or in relation to their functional areas of responsibility to Corporate Functional Managers.

The CEO, together with the Executive Committee, oversees Business Risk Management following appraisal by the Audit Committee. The Board of Directors is informed annually about the risk situation. The CEO assesses the performance of the members of the Executive Committee and, after advice and assessment by the Governance, Nomination & Compensation Committee, determines their objectives.

Where there is a direct conflict of interest, the Organizational Rules require each member of the corporate body concerned voluntarily to stand aside prior to any discussion of the matter in question. Members of the corporate bodies are required to treat as confidential all information and documentation which they may obtain or view in the context of their activities on these bodies and not to make such information available to third parties.

All individuals vested with the power to represent the company shall in principle have joint signatory power at two.

Information and control instruments of the Board of Directors

The Board of Directors determines in which manner it is to be informed about the course of business. Any member of the Board of Directors may demand information on all issues relating to the Group and the company. At meetings of the Board of Directors, all Board members have a duty to provide information, as do any attending members of the Executive Committee. Outside of meetings, any member of the Board of Directors may request information from the CEO through the Chairman of the Board of Directors. In addition, any member of the Board of Directors has a right to inspect the books and files where necessary for the performance of his task.

1. Financial reporting

The Board of Directors receives monthly briefings on the current course of business, adopts the quarterly reports (with the exception of the report of the first quarter of the year which is to be adopted and released by the Audit Committee) and releases them for publication. The Board of Directors discusses the Annual Report, takes note of the auditors' reports and submits the Annual Report to the general meeting for approval.

With regard to Group strategy development, a strategy plan, a five-year financial plan and an annual budget are submitted to the Board of Directors.

2. Business Risk Management

Holcim benefits from several years of experience as the first approach to Business Risk Management (BRM) was implemented in 1999. Meanwhile, Holcim has anchored the BRM process in the entire Group. Today, it covers all consolidated Group companies and their relevant business segments.

BRM analyzes the Group's overall risk exposure and supports the strategic decision-making process. Therefore, the BRM process is closely linked with the Group's strategic management process. All types of risk, from market, operations, finance and legal up to the external business environment, are considered including compliance and reputational aspects. The examination of risk exposure is, however, not restricted to an analysis of threats, but also identifies possible opportunities.

The Group's risk position is assessed from both top-down and bottom-up. In addition to the Group companies, the Executive Committee, including the Area Managers and Corporate Functional Managers, also conducts an annual risk analysis. The Board of Directors analyzes the Group's risks at least once a year and discusses them with the Executive Committee in the context of a strategy meeting.

The BRM process follows a clearly defined straight forward six step approach. In a first step, diverse risks are assessed and prioritized regarding their significance and likelihood. All further steps are then focused mainly on the major risks. These top risks are then analyzed more deeply regarding their drivers through mind mapping technique. To fully complete the assessment of the actual risk profile, a more detailed assessment of the impact is done in the third step. In the next two steps, decisions are made regarding the treatment of individual risks, the accepted target risk profile and the necessary mitigating actions. The last step includes continuous monitoring of the risk and the reporting to the next higher level.

Risk information is stored in a state-of-the-art protected, centralized database which allows instant access for all Group companies throughout the world for effective data evaluation and fast reporting. Within the Group companies, risk owners and responsibilities for countermeasures are clearly defined. A corporate risk management function is responsible for the organization of the BRM process within the Group. It assures also timeliness of the reporting on the Group's risk situation, which is done periodically by the Executive Committee to the Board of Directors.

3. Internal Audit

Internal Audit provides assurance that effective control exists to maintain process and information integrity. For more details, see page 32. Internal Audit reports to the Chairman of the Board of Directors and periodically informs the Audit Committee. The members of the Board of Directors have access to Internal Audit at all times. Each year, the Audit Committee defines the audit focal points to be addressed by Internal Audit, and the Head of Internal Audit periodically updates the Audit Committee on the activities of Internal Audit. Internal Audit also assists the external auditors.

Senior management

Senior management of Holcim Ltd comprises the CEO, the members of the Executive Committee, the Area Managers and the Corporate Functional Managers. The tasks of senior management are divided into different areas of responsibility in terms of country, division and function, each of these areas being managed by a member of the Executive Committee. Within the scope of their field of responsibility, the members of the Executive Committee may be assisted by Area Managers and Corporate Functional Managers.

Hansueli Heé, member of the Executive Committee, has stepped down from this body with effect from October 31, 2008 and went into early retirement. The Board of Directors of Holcim Ltd has decided to enlarge the Executive Committee and appointed Urs Böhlen, Area Manager of Holcim Ltd, and Patrick Dolberg, CEO of Holcim US, as new members of the Executive Committee. Urs Böhlen has taken over responsibility for Eastern/Southeastern Europe and the CIS/Caspian region from Hansueli Heé effective November 1, 2008. As of the same date, Patrick Dolberg has assumed responsibility for Belgium, France, the Netherlands, Germany, Switzerland and Italy.

In conjunction with these appointments, additional changes in senior management of Holcim Ltd occurred: Bernard Terver, Area Manager for Argentina, Chile, the Andes nations and parts of Central America, was appointed CEO of Holcim US and in line with corporate policy has resigned from senior management of Holcim Ltd. His function was taken over by Andreas Leu, CEO of Holcim Ecuador, effective August 1, 2008. Bernard Kueng, Area Manager for France, Belgium and the Netherlands, has decided to seek a new challenge outside of Holcim; he left the Group at the end of June 2008.

In addition, Beat Fellmann, Deputy CFO, has resigned from the Holcim Group at the end of September 2008.

Executive Committee

During the year under review, the Executive Committee of Holcim Ltd comprised seven members, eight members as from November 1, 2008. None of the members of the Executive Committee has important functions outside the Holcim Group or any other significant commitments of interest.

Composition of the Executive Committee

Markus Akermann	CEO
Urs Böhlen	Member
Tom Clough	Member
Patrick Dolberg	Member
Paul Hugentobler	Member
Thomas Knöpfel	Member
Benoît-H. Koch	Member
Theophil H. Schlatter	CFO

Please see pages 104 and 105 for biographical information on the members of the Executive Committee. Both, regional and functional responsibility is shown on the organizational chart on page 33.

Area Management

The individual members of the Executive Committee are assisted by Area Managers.

Composition of the Area Management

Bill Bolsover	Aggregate Industries
Javier de Benito	Mediterranean, Indian Ocean, West Africa
Gérard Letellier	Vietnam, Malaysia, Singapore, Bangladesh
Andreas Leu	Argentina, Chile, Ecuador, Colombia, Panama, Costa Rica Nicaragua

Please see page 106 for biographical information on Area Managers.

Corporate Functional Managers

The Corporate Functional Managers are responsible for directing important areas of expertise and report to the Executive Committee.

Composition of the Corporate Functional Management

Bill Bolsover	Aggregates & Construction Materials Services
Jacques Bourgon	Cement Manufacturing Services
Roland Köhler	Strategy & Risk Management
Stefan Wolfensberger	Commercial Services

Please see page 107 for biographical information on Corporate Functional Managers.

Management agreements

Holcim has no management agreements in place with companies or private individuals outside the Group.

Remuneration report

The financial compensation for the Board of Directors and senior management as well as compensations for former members of governing bodies of Holcim Ltd are published under this heading. No payments were made to closely related parties.

Compensation policy

Board of Directors:

The members of the Board of Directors receive a fixed fee, consisting of a set remuneration and shares in Holcim Ltd. The Chairman and Deputy Chairman of the Board of Directors and members of the Audit Committee or the Governance, Nomination & Compensation Committee are paid additional compensation. The Chairman of the Board of Directors is also insured in the pension fund. The compensation of the Board of Directors is defined in a set of rules which is reviewed by the Governance, Nomination & Compensation Committee once a year and, if necessary, adjusted. Changes require the approval of the Board of Directors.

Senior management:
Senior management of Holcim Ltd includes the Executive Committee as well as the Area Managers and the Corporate Functional Managers. The annual financial compensation of senior management comprises a basic salary and a variable compensation with a Group and an individual component. Members of senior management are also insured in the pension fund.
The financial compensation of the Executive Committee is set by the Governance, Nomination & Compensation Committee on an annual basis and the decision is noted by the Board of Directors as a whole. The financial compensation for the other members of senior management is set by the CEO on an annual basis and the decision is noted by the Governance, Nomination & Compensation Committee. The basic salary of members of senior management is fixed and is paid in cash. A benchmarking takes place periodically.

The variable compensation has a Group and an individual component and, if targets are achieved, account for between 45 percent and 70 percent of the basic salary, depending on the function concerned. The Group component accounts for around two thirds of the variable compensation and depends on the Group's financial results. It is calculated on the basis of target attainment in relation to operating EBITDA and the return on invested capital (ROIC), both targets being weighted equally. The pay-out factor comes to between 0 and 2, depending on target attainment. The Group component is paid in the form of registered shares of the company (subject to a five-year sale and lease restriction period) and a cash element of around 30 percent. Alloted shares are valued at market price and are either taken from treasury stock or are purchased from the market. The individual component amounts to around one third of the variable salary and depends on the individual's performance. The individual component is paid in the form of options on registered shares of the company and a cash element of around 30 percent. The pay-out factor comes to between 0 and 1, depending on target attainment. The exercise price corresponds to the stock market price at the grant date. The options are restricted for a period of three years following the grant date and have an overall maturity period of eight years. The options are valued in accordance with the Black Scholes model. The underlying shares are reserved on the grant date of the options as part of treasury stock or are purchased from the market.

The CEO's performance is assessed annually by the Governance, Nomination & Compensation Committee, the Board of Directors as a whole taking due note. The performance of the remainder of senior management is assessed by the CEO on an annual basis, the Governance, Nomination & Compensation Committee taking due note.

The contracts of employment of senior management are concluded for an indefinite period of time and may be terminated with one year's notice. Depending on the length of tenure with the Group, contracts concluded before 2004 include severance compensation amounting to one annual salary or two annual salaries in the event of notice being given by the company. More recent contracts of employment no longer include severance compensation. Due to the early retirement of a member of senior management in 2008, the related costs for the additional financing of the pension benefits were borne by a trust of the employer.

In 2008, no external advisors were consulted on the structuring of the compensation system.

Upon appointment, members of the Executive Committee may be granted a single allocation of options on registered shares of the company by the Governance, Nomination & Compensation Committee. A requirement is that the members have been with the Group for five years. The options are restricted for nine years and have a maturity period of twelve years. The company reserved the underlying shares as part of treasury stock or purchases them from the market. Single allotments during the last years are shown on page 96 of the Annual Report.

Neither shares nor options may be sold or lent until the end of the restriction period.

Compensation for the Board of Directors and senior management

The following table discloses the compensation of the Board of Directors in 2008 in detail and those of the 15 members of senior management in aggregate.

Compensation Board of Directors/senior management 2008[1]

Name		Base salary		Variable compensation			Other compensation		Total
		Cash	Shares[2]	Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others	compensation
Rolf Soiron[4]	Number		1,513						
	CHF	595,680	80,000				35,425	50,000	761,105
Andreas von Planta[5]	Number		1,513						
	CHF	300,000	80,000				18,169	10,000	408,169
Christine Binswanger	Number		883						
	CHF	46,667	46,667				2,357	5,833	101,524
Lord Norman Fowler	Number		1,513						
	CHF	80,000	80,000				0	10,000	170,000
Erich Hunziker[6]	Number		1,513						
	CHF	100,000	80,000				8,069	10,000	198,069
Willy R. Kissling[6]	Number		630						
	CHF	41,667	33,333				5,123	4,167	84,290
Peter Küpfer[7]	Number		1,513						
	CHF	180,000	80,000				12,109	10,000	282,109
Adrian Loader	Number		1,513						
	CHF	80,000	80,000				0	10,000	170,000
Gilbert J. B. Probst	Number		630						
	CHF	33,333	33,333				4,702	4,167	75,535
H. Onno Ruding[8]	Number		1,513						
	CHF	110,000	80,000				7,726	10,000	207,726
Thomas Schmidheiny[6]	Number		1,513						
	CHF	126,400[12]	80,000				9,401	10,000	225,801
Wolfgang Schürer[6]	Number		1,513						
	CHF	91,667	80,000				7,648	10,000	189,315
Dieter Spälti	Number		1,513						
	CHF	80,000	80,000				7,059	10,000	177,059
Robert F. Spoerry	Number		883						
	CHF	46,667	46,667				2,357	5,833	101,524
Total Board of Directors	**Number**		**18,156**						
(non-executive members)	**CHF**	**1,912,081**	**960,000**				**120,145**	**160,000**	**3,152,226**
Markus Akermann[9 10]	Number		0		9,056	76,980			
	CHF	2,011,756	0	439,496	478,789	400,295	540,207	203,436	4,073,979
Total senior management[11]	**Number**		**0**		**51,167**	**385,124**			
	CHF	**15,137,454**	**0**	**2,671,172**	**2,705,214**	**2,002,643**	**5,085,636**	**2,733,112**	**30,335,231**

[1] Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed on page 167 under "Share compensation plans". Prior-year information is disclosed on page 173.
[2] The shares were valued at the average market price in the period from January 1, 2009 to February 15, 2009 and are subject to a five-year sale restriction period.
[3] Value of the options according to the Black Scholes model at the time of allocation.
[4] Chairman, Chairman of the Governance, Nomination & Compensation Committee.
[5] Deputy Chairman and Member of the Audit Committee.
[6] Member of the Governance, Nomination & Compensation Committee (Willy R. Kissling until May 7, 2008, Wolfgang Schürer since May 8, 2008).
[7] Chairman of the Audit Committee.
[8] Member of the Audit Committee.
[9] Executive member of the Board of Directors, CEO.
[10] Member of senior management receiving the highest compensation.
[11] Including executive member of the Board of Directors, CEO.
[12] Including director's fees from subsidiary companies.

Compensation for former members of governing bodies

In the year under review, an amount of CHF 503,500 was paid to three former members of governing bodies.

Shareholdings and loans

The details shown relate to members of the governing bodies.

Shares and options owned by the Board of Directors

At the end of 2008, non-executive members of the Board of Directors held a total of 54,390,666 registered shares in Holcim Ltd. These numbers comprised privately acquired shares and those allocated under profit-sharing and compensation schemes. As of the end of the 2008 financial year, non-executive members of the Board of Directors did not hold any options from compensation and profit-sharing schemes.

Until the disclosure or announcement of market-relevant information or projects, the Board of Directors, senior management and any employees involved are prohibited from effecting transactions with equity securities or other financial instruments of Holcim Ltd, exchange-listed Group companies or potential target companies (trade restriction period).

Stock of shares and options Board of Directors as at December 31, 2008[1]

Name	Position	Total number of shares	Total number of call options
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,917	–
Andreas von Planta	Deputy Chairman	5,306	–
Christine Binswanger	Member	500	–
Lord Norman Fowler	Member	1,827	–
Erich Hunziker	Member	5,503	–
Peter Küpfer	Member, Audit Committee Chairman	5,502	80,000[2]
Adrian Loader	Member	2,894	–
H. Onno Ruding	Member	2,864	–
Thomas Schmidheiny	Member	54,292,690	–
Wolfgang Schürer	Member	31,821	–
Dieter Spälti	Member	7,842	–
Robert F. Spoerry	Member	5,000	–
Total Board of Directors (non-executive members)		**54,390,666**	**80,000**

[1] From allocation, shares are subject to a five-year sale restriction period.
[2] Exercise price: CHF 110; Ratio: 1:1; Style: European; Maturity: 21.5.2010.

Shares and options owned by senior management

As at December 31, 2008, the executive member of the Board of Directors and the members of senior management held a total of 294,662 registered shares in Holcim Ltd. This figure includes both privately acquired shares and those allocated under the Group's profit-sharing and compensation schemes. Furthermore, at the end of 2008, senior management held a total of 550,003 share options; these arise as a result of the compensation and profit-sharing schemes of various years. Options are issued solely on registered shares of Holcim Ltd. One option entitles to subscribe to one registered share of Holcim Ltd.

Stock of shares and options senior management as at December 31, 2008[1]

Name	Position	Total number of shares	Total number of call options
Markus Akermann	Executive Member of the Board of Directors, CEO	72,103	157,085
Urs Böhlen	Member of the Executive Committee	10,331	40,308
Tom Clough	Member of the Executive Committee	19,215	50,034
Patrick Dolberg	Member of the Executive Committee	5,463	33,550
Paul Hugentobler	Member of the Executive Committee	52,463	61,489
Thomas Knöpfel	Member of the Executive Committee	25,466	50,873
Benoît-H. Koch	Member of the Executive Committee	30,441	53,955
Theophil H. Schlatter	Member of the Executive Committee, CFO	41,274	71,732
Bill Bolsover	Area Manager and Corporate Functional Manager	3,543	3,954
Javier de Benito	Area Manager	10,142	6,938
Gérard Letellier	Area Manager	6,766	4,996
Andreas Leu	Area Manager	4,580	–
Jacques Bourgon	Corporate Functional Manager	4,819	4,742
Roland Köhler	Corporate Functional Manager	4,494	5,369
Stefan Wolfensberger	Corporate Functional Manager	3,562	4,978
Total senior management		**294,662**	**550,003**

[1] From allocation, shares are subject to a five-year sale restriction period.

Movements in the number of share options outstanding held by senior management are as follows:

	Number[1] 2008	Number[1] 2007
January 1	**490,101**	**496,619**
Decrease due to retirements	(78,281)	0
Granted and vested (individual component of variable compensation)	71,083	49,674
Granted and vested (single allotment)	67,100	0
Forfeited	0	0
Exercised	0	(56,192)
Lapsed	0	0
December 31	**550,003**	**490,101**
Of which exercisable at the end of the year	128,567	89,874

The share options outstanding held by senior management (including former members) have the following expiry dates and exercise prices:

Option grant date	Expiry date	Exercise price[1]	Number[1]
2002	2014	CHF 68.91	201,300
2003	2012	CHF 35.61	48,775
2003	2015	CHF 68.91[2]	33,550
2004	2013	CHF 65.11	41,099
2004	2016	CHF 68.91[2]	33,550
2005	2014	CHF 76.30	71,423
2006	2014	CHF 102.45	58,573
2007	2015	CHF 127.10	49,674
2008	2016	CHF 106.10	71,083
2008	2020	CHF 68.91[2]	67,100
Total			**676,127**

Due to extraordinary trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

In 2008, options have been allocated to two new Executive Committee members.

[1] Adjusted to reflect former share splits and/or capital increases.
[2] Valued according to the single allocation in 2002.

Loans granted to members of governing bodies

As at December 31, 2008, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors or to parties closely related to members of governing bodies. The outstanding amounts and respective terms are disclosed in the following table:

Loans senior management as at December 31, 2008

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Urs Böhlen	Member of the Executive Committee	CHF	51,000	variable	31.12.15	yes
Thomas Knöpfel	Member of the Executive Committee	CHF	16,000	variable	31.12.09	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	200,662	variable	open	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	438,100	variable	31.12.22	yes
Total		**CHF**	**2,455,762**			

Shareholders' participation

Voting rights and representation restrictions

All holders of registered shares who are entered as shareholders with voting rights in the share register at the date communicated in the invitation to the annual general meeting (approximately one week prior to the annual general meeting) are entitled to participate in, and vote at, general meetings. Shares held by trusts and shares for which no declaration has been made in the context of the regulations of the Board of Directors governing the entry of shareholders in the share register of Holcim Ltd are entered in the share register as having no voting rights. Shareholders not participating in person in the annual general meeting may be represented by another shareholder, by the bank, by the company as representative of the governing body or by the independent voting rights representative. Voting rights are not subject to any restrictions. Each share carries one vote.

Statutory quorums

The annual general meeting of shareholders normally constitutes a quorum, regardless of the number of shares represented or shareholders present; resolutions are passed by an absolute majority of the votes allocated to the shares represented, unless Art. 704 para. 1 of the Swiss Code of Obligations provides otherwise. In such cases, resolutions may only be passed with a two-thirds majority of the votes represented. According to Art. 10 para. 2 of the Articles of Incorporation and in addition to Art. 704 para. 1, the approval of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented shall be required for resolutions of the annual general meeting of shareholders with respect to the removal of the restrictions set forth in Art. 5 of the Articles of Incorporation (entries in the share register), the removal of the mandatory bid rule (Art. 22 para. 3 of the Stock Exchange Act), the removal or amendment of this para. 2 of Art. 10 of the Articles of Incorporation.

The chair of the meeting may also have votes and elections conducted electronically. Electronic votes and elections are deemed equivalent to secret votes and elections.

Convocation of the general meeting and agenda rules

The ordinary general meeting of shareholders takes place each year, at the latest six months following the conclusion of the financial year. It is convened by the Board of Directors, whereby invitations are published at least twenty days prior to the meeting and in which details are given of the agenda and items submitted. Shareholders representing shares with a par value of at least one million Swiss francs may request the addition of a particular item for discussion. A corresponding application must be submitted in writing to the Board of Directors at least forty days prior to the annual general meeting. Such application should indicate the items to be submitted. The invitations as well as the minutes of the general meetings shall be published on www.holcim.com/AGM2009.

Entries in the share register

The company maintains a share register for registered shares in which the names and addresses of owners and beneficiaries are entered. Only those included in the share register are deemed shareholders or beneficial owners of the registered shares. Upon request, purchasers of registered shares shall be included in the share register as shareholders with voting rights if they expressly declare that they have acquired the shares in their own name and for their own account. The Board of Directors shall enter in the share register as having voting rights those persons who have not expressly declared in their application for registration that the shares are held for their own account (nominees). However, this only applies if the nominee has reached an agreement with the company regarding this position and is subject to a recognized banking or financial markets supervisory authority.

The share register is closed approximately one week prior to the date of the annual general meeting (the exact date will be communicated in the invitation to the annual general meeting). Shareholders' participation and rights of protection are furthermore governed by the Swiss Code of Obligations.

This information comprises excerpts from the Articles of Incorporation of Holcim Ltd. The full version of the Articles of Incorporation can be retrieved at www.holcim.com/corporate_governance.

Changes of control and defense measures

The Articles of Incorporation contain no waiver of the duty to make a public offer under the terms of Art. 32 and 52 of the Swiss Stock Exchange Act ("opting out"). The result is that a shareholder who directly, indirectly or in concert with third parties acquires shares in the company and, together with the shares he already possesses, thereby exceeds the 33⅓ percent threshold of voting rights in the company must make an offer for all listed shares of the company.

There are no clauses relating to changes of control.

Auditors

As part of their auditing activity, the auditors inform the Audit Committee and the Executive Committee regularly about their findings and about proposals for improvement. The Audit Committee assesses the auditors and monitors the results of the audit. In 2008, the auditors participated in three meetings of the Audit Committee to discuss individual agenda items.

Ernst & Young Ltd, Zurich, were appointed in 2002 as auditors to Holcim Ltd. Ernst & Young partners Christoph Dolensky (since 2004) and Willy Hofstetter (since 2007) are the lead auditors for this mandate. The auditors are elected for a one-year term by the annual general meeting.

The following fees were charged for professional services rendered to the Group by Ernst & Young in 2008 and 2007:

Million CHF	2008	2007
Audit services[1]	15.3	13.4
Audit-related services[2]	1.7	2.3
Tax services	0.5	0.8
Other services[3]	0.7	0.1
Total	**18.2**	**16.6**

[1] This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.
[2] Audit-related services comprise, among other things, amounts for due diligences, comfort letters, accounting advice, information systems reviews and reviews on internal controls.
[3] Other services include, among other things, amounts for accounting, actuarial and legal advisory services.

Information policy
Holcim Ltd reports to shareholders, the capital market, employees and the public at large in a transparent and timely manner concerning its corporate performance and progress regarding sustainability targets. We nurture an open dialogue with our most important stakeholders, based on mutual respect and trust. This enables us to promote an understanding of our objectives, strategy and business activities, and ensure a high degree of awareness about our company.

As a listed company, Holcim Ltd is committed to disclose facts that may materially affect the share price (ad-hoc disclosure, Art. 72 of the SIX listing rules). Members of the Board of Directors and senior management are subject to SIX rules on the disclosure of management transactions. These can be accessed on the SIX website (www.six.swiss-exchange.com).

The most important information tools are the annual and quarterly reports, the website (www.holcim.com), media releases, press conferences on the annual and third quarter results, meetings for financial analysts and investors as well as the annual general meeting.

Our commitment to sustainability is described on pages 50 to 57 of this Annual Report. Current information relating to sustainable development is available at www.holcim.com/sustainable. In 2008, Holcim Ltd has published its fourth sustainability report.

The financial reporting calendar is shown on pages 41 and 200 of this Annual Report.

Should you have any specific queries regarding Holcim, please contact:

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Board of Directors

Rolf Soiron, Swiss national, born in 1945, Chairman of the Board of Directors since 2003, elected until 2010, Chairman of the Governance, Nomination & Compensation Committee. He studied history at the University of Basel, where he obtained a PhD in philosophy in 1972. He began his professional career in 1970 with Sandoz in Basel, where he held various positions, ultimately as COO of Sandoz Pharma AG with the responsibility for the global pharmaceuticals business. From 1993 until the end of June 2003, Rolf Soiron managed the Jungbunzlauer Group in Basel (leading international manufacturer of citric acid and related products), ultimately as Managing Director. From 1996 until March 2005, he was – on a part-time role – Chairman of the University of Basel. In early 2003, he was appointed Chairman of the Board of Directors of Nobel Biocare. In April 2005, he was appointed Chairman of the Board of Directors of Lonza Group Ltd, Basel. He was elected to the Board of Directors of Holcim Ltd in 1994.

Andreas von Planta, Swiss national, born in 1955, Deputy Chairman of the Board of Directors since May 2005, elected until 2011, member of the Audit Committee. He studied law at the Universities of Basel (doctorate, 1981) and Columbia, New York (LL.M., 1983). He began his professional career in 1983 with Lenz & Staehelin, an international law firm based in Geneva. In 1988, he became partner and was from 2002 until the end of 2005 Managing Partner. He has a wealth of experience in corporate law, business financing and mergers & acquisitions. He was elected to the Board of Directors of Holcim Ltd in 2003.

Markus Akermann, Swiss national, born in 1947, CEO, member of the Board of Directors, elected until 2010. He obtained a degree in business economics from the University of St. Gallen in 1973 and studied economic and social sciences at the University of Sheffield, UK. He began his professional career in 1975 with the former Swiss Bank Corporation. In 1978, he moved to Holcim, where he was active in a number of roles including Area Manager for Latin America and Holcim Trading. In 1993, he was appointed to the Executive Committee, with responsibility for Latin America and international trading activities. On January 1, 2002, he was appointed CEO and at the annual general meeting in 2002, he was elected to the Board of Directors of Holcim Ltd.

Christine Binswanger, Swiss national, born in 1964, member of the Board of Directors, elected until 2011. She holds a degree in architecture from the ETH Zurich and in 1994, she became a partner at Herzog & de Meuron Architects, Basel. In 2001, she acted as a visiting professor at EPF Lausanne. In 2004, she was awarded the Meret Oppenheim Prize for architecture by the Federal Office of Culture. She was elected to the Board of Directors of Holcim Ltd in 2008.

Lord Norman Fowler, British national, born in 1938, member of the Board of Directors, elected until 2009. Lord Fowler attended Trinity Hall College in Cambridge. He worked as a journalist at "The Times". From 1970 to 2001, he was a member of the British parliament. During this time, he held a number of ministerial posts and was a member of Margaret Thatcher's Cabinet (1979–1990) when he was, in turn, Transport Secretary, Social Services Secretary and Employment Secretary. Before he became Chairman of Aggregate Industries in 2000, he had been a non-executive director of Bardon group and then of Aggregate Industries upon its creation in 1997. In 2001, he was made a life peer. He has also been Chairman of the British regional newspaper groups Midland Independent Newspaper and Regional Independent Media and a Board member of a number of other UK companies. He was elected to the Board of Directors of Holcim Ltd in 2006.

Erich Hunziker, Swiss national, born in 1953, member of the Board of Directors, elected until 2011, member of the Governance, Nomination & Compensation Committee. He studied industrial engineering at the ETH Zurich, obtaining a PhD in 1983. In the same year, he joined Corange AG (holding company for the Boehringer Mannheim group), where he was appointed CFO in 1997 and among other things managed a project handling the financial aspects of the sale of the Corange group to F. Hoffmann-La Roche AG. From 1998 until 2001, he was CEO at the Diethelm group and Diethelm Keller Holding AG. Since 2001, he has served as CFO of F. Hoffmann-La Roche AG and is a member of the Executive Committee. In 2005, he was appointed as Deputy Head of Roche's Corporate Executive Committee, in addition to his function as Chief Financial Officer. Since 2004, he is a member of the Board of Genentech Inc., USA. In 2006, he was elected to the Board of Directors of Chugai Pharmaceutical Co. Ltd., Japan. He was elected to the Board of Directors of Holcim Ltd in 1998.

Peter Küpfer, Swiss national, born in 1944, member of the Board of Directors, elected until 2010, Chairman of the Audit Committee. As a Swiss Certified Accountant, he began his career with Revisuisse Pricewaterhouse AG in Basel and Zurich, where he became a member of management. From 1985 until 1989, he was CFO at Financière Credit Suisse First Boston and CS First Boston, New York; from 1989 until 1996, he was at CS Holding, Zurich, as a member of the Executive Board. He has been an independent business consultant since 1997. He was elected to the Board of Directors of Holcim Ltd in 2002.

Adrian Loader, British national, born in 1948, member of the Board of Directors, elected until 2009. Adrian Loader holds an Honours Degree in History of Cambridge University and is a Fellow of the Chartered Institute of Personnel and Development. He began his professional career at Bowater in 1969 and joined Shell the following year. Until 1998, he held various management positions in Latin America, Asia, Europe and on corporate level. In 1998, he was appointed President of Shell Europe Oil Products and became Director for Strategic Planning, Sustainable Development and External Affairs in 2004. Since 2005, he was Director of the Strategy and Business Development Directorate of Royal Dutch Shell and became President and CEO of Shell Canada in 2007, retiring from Shell at the end of the year. In January 2008, he joined the Board of Toronto-based Candax Energy Inc. and was appointed Chairman. He was elected to the Board of Directors of Holcim Ltd in 2006.

H. Onno Ruding, Dutch national, born in 1939, member of the Board of Directors, elected until 2010, member of the Audit Committee. He studied economics at the Netherlands School of Economics (now Erasmus University) in Rotterdam (master in 1964, doctorate in 1969). He worked at the Ministry of Finance, The Hague (1965–1970), AMRO Bank, Amsterdam (1971–1976) and, later, as a member of the Board of Managing Directors of AMRO (1981–1982). He was elected to the Executive Board of the International Monetary Fund in Washington, D.C. in 1976 and served four years. In 1982, he became the Minister of Finance in The Netherlands until the end of 1989. He became Director of Citibank in 1990 and was from 1992 until his retirement in 2003 Vice Chairman and Director of Citibank in New York. He is also Chairman of the Board of the Centre for European Policy Studies (CEPS) in Brussels. He was elected to the Board of Directors of Holcim Ltd in 2004.

Thomas Schmidheiny, Swiss national, born in 1945, member of the Board of Directors, elected until 2009, member of the Governance, Nomination & Compensation Committee. He studied mechanical engineering at the ETH Zurich and complemented his studies with an MBA from the IMD Lausanne (1972). In 1999, he was awarded an honorary doctorate for his services in the field of sustainable development from Tufts University, Massachusetts, USA. He began his career in 1970 as Technical Director with Cementos Apasco and was appointed to the Executive Committee of Holcim in 1976, where he held the office of Chairman from 1978 until 2001. He was appointed to the Board of Directors of Holcim Ltd in 1978 and became Chairman of the Board in 1984 until 2003.

Wolfgang Schürer, Swiss national, born in 1946, member of the Board of Directors, elected until 2009, member of the Governance, Nomination & Compensation Committee. He studied economic and social sciences at the University of St. Gallen, where he was awarded an honorary doctorate in 1999. He is Chairman of the Board of Directors and CEO of MS Management Service AG, St. Gallen (international consultancy firm focusing on strategy and risk evaluation for multinational firms in Europe, North America, the Middle East and Asia as well as mandates in the international regulatory environment). He is also Distinguished Professor in the Practice of International Business Diplomacy at Georgetown University, School of Foreign Service, Washington, D.C. and a regular visiting Professor for Public Affairs at the University of St. Gallen. Since 2006, he serves as a member of Swiss Re's Advisory Panel. He was elected to the Board of Directors of Holcim Ltd in 1997.

Dieter Spälti, Swiss national, born in 1961, member of the Board of Directors, elected until 2009. He studied law at the University of Zurich, obtaining a doctorate in 1989. He began his professional career as a credit officer with Bank of New York in New York, before taking up an appointment as CFO of Tyrolit (Swarovski group), based in Innsbruck and Zurich, in 1991. From 1993 until 2001, he was with McKinsey & Company, ultimately as a partner, and was involved in numerous projects with industrial, financial and technology firms in Europe, the US and South-east Asia. In October 2002, he joined as a partner Rapperswil-Jona-based Spectrum Value Management Ltd., which administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he is CEO of Spectrum Value Management Ltd. He was elected to the Board of Directors of Holcim Ltd in 2003.

Robert F. Spoerry, Swiss national, born in 1955, member of the Board of Directors, elected until 2011. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology in Zurich (1981) and an MBA from the University of Chicago (1983). Joining Mettler-Toledo International Inc. in 1983, he was the company's CEO from 1993 through 2007 and was nominated Chairman of the Board in 1998. He is also a Board member of Conzzeta Holding AG, Schaffner Holding AG and Sonova Holding AG. He was elected to the Board of Directors of Holcim Ltd in 2008.

Executive Committee

Markus Akermann, please refer to the section Board of Directors on page 100 for his biographical information.

Urs Böhlen, Swiss national, born in 1950. Urs Böhlen studied business administration at the University of Berne, graduating in 1977, and complemented his education at the Stanford Business School in 1991. From 1977 to 1979, he served as Project Manager in the accounts division at Union Bank of Switzerland. From 1980 until 1985, he was Head of Controlling at Autophon AG. He joined Holcim in 1985; after holding various positions, he was entrusted with overall management of the former Cementfabrik "Holderbank" at Rekingen in 1989. From 1992 until 1998, he served as CEO of Holcim Switzerland, and subsequently has been Area Manager of Holcim Ltd responsible for Eastern Europe and the CIS/Caspian region. As member of the Executive Committee, he has taken over responsibility for Eastern/Southeastern Europe and the CIS/Caspian region effective November 1, 2008.

Tom Clough, British national, born in 1947. Tom Clough has a Bachelor's degree in Mining Engineering from the University of Leeds. Following three years working as a mining engineer, he joined Imperial Chemical Industries (ICI) in 1974. From 1988 to 1994, he worked for global minerals and specialty chemicals group ECC International. In 1997, after some years as an independent consultant, he joined Holcim and assumed diverse management tasks in Asia. He was appointed CEO of Holcim's Philippine Group company in 1998 and, following Holcim's entry into the Indonesian market in 2001, Chief Executive of Jakarta-based PT Holcim Indonesia Tbk. He joined the Holcim Executive Committee in 2004, with responsibility for East Asia including the Philippines and Oceania as well as South and East Africa.

Patrick Dolberg, Belgian national, born in 1955. Patrick Dolberg has an MBA from the Solvay Business School, Belgium. He began his professional career with Exxon Chemical. From 1984 to 1986, he worked in sales and marketing with the Unilever Group and Exxon Chemical. Subsequently, he held executive positions with Exxon Chemical International and Monsanto. Patrick Dolberg joined the Holcim Group in 1991. From 1992 to the end of 1996, he was General Manager of Scoribel, a Belgian Group company of Holcim. In 1997, he assumed management responsibility for a Holcim Group company in Australia. Patrick Dolberg was appointed CEO of St. Lawrence Cement at the end of 1998 and has been CEO of Holcim US since March 2003. As member of the Executive Committee, he has assumed responsibility for Belgium, France, the Netherlands, Germany, Switzerland and Italy effective November 1, 2008.

Paul Hugentobler, Swiss national, born in 1949. Paul Hugentobler has a degree in civil engineering from the ETH Zurich and a degree in economic science from the University of St. Gallen. He joined what is now Holcim Group Support Ltd in 1980 as Project Manager and in 1994 was appointed Area Manager for Holcim Ltd. From 1999 until 2000, he also served as CEO of Siam City Cement, headquartered in Bangkok, Thailand. He has been a member of the Executive Committee since January 1, 2002 with the responsibility for South Asia and ASEAN excluding the Philippines.

Thomas Knöpfel, Swiss national, born in 1951. Thomas Knöpfel obtained a doctorate in law from the University of Zurich in 1982. He also holds a Master of Law degree in US business and financial law and is a licensed attorney. In 1986, he joined the former Union Bank of Switzerland, before beginning his career with Holcim in 1988. After a period as member of senior management of Holcim (España), S.A. and from 1995 as CEO of Holcim (Colombia) S.A., he was in 1999 appointed Area Manager with responsibility for various Group companies in Latin America. Since January 1, 2003, he has been a member of the Executive Committee, with responsibility for Group region Latin America.

Benoît-H. Koch, French and Brazilian national, born in 1953. Benoît-H. Koch completed his education as an engineer at the ETH Zurich. He joined Holcim in 1977, occupying various positions at Group companies in Brazil, France, Belgium and Switzerland until 1992. He has been a member of the Executive Committee since 1992 and is currently responsible for North America, the UK and Norway, the Mediterranean including Iberian Peninsula and International Trade.

Theophil H. Schlatter, Swiss national, born in 1951. Theophil H. Schlatter graduated in business economics at the University of St. Gallen and is a Swiss Certified Accountant. He began his career as a public accountant at STG Coopers & Lybrand. After six years, he moved to Holcim Group Support Ltd, where he was active for a further six years in Corporate Controlling. From 1991 until 1995, he was Head of Finance and a member of the Executive Committee of Sihl Papier AG. He then served as CFO and a member of the Management Committee of Holcim Switzerland for two years. He has been CFO and a member of the Executive Committee of Holcim Ltd since 1997.

Area Management

Bill Bolsover, British national, born in 1950. Following a career with Tarmac which spanned more than 25 years, resulting in a Main Board position. Bill Bolsover joined Aggregate Industries in 2000 onto the Main Board and was made Chief Operating Officer with responsibility for US and UK operations in July 2003. As of January 1, 2006, he has been appointed CEO of Aggregate Industries and Area Manager of Holcim Ltd. In addition to his line responsibilities, he is in charge of the corporate function Aggregates & Construction Materials Services.

Javier de Benito, Spanish national, born in 1958. Javier de Benito studied business administration and economics at the Universidad Autónoma de Madrid and undertook further studies at the Harvard Business School. After a number of years of professional experience in the finance department of an international steel trading company and as a specialist for finance projects with a Spanish export promotion company, he joined Holcim Trading in 1988. Along with responsibility for controlling at the subsidiary companies and for business development, he took on the position of Deputy General Manager in 1992, with responsibility for the trading division. On April 1, 2003, he was appointed Area Manager for the Mediterranean, Indian Ocean and West Africa.

Gérard Letellier, French national, born in 1953. Gérard Letellier, a graduate of the Business & Administration School of the University of Reims, began his career in 1977 in the marketing unit at Holcim France, ultimately moving up to the position of senior management member responsible for cement sales. From 1998 to 2001, he was CEO of Holcim Vietnam and, from 2002, much of his work in his capacity as Deputy Area Manager of Holcim Ltd was devoted to the expansion of our presence in China. Effective January 1, 2005, Gérard Letellier has been appointed Area Manager. He is responsible for Vietnam, Malaysia, Singapore and Bangladesh.

Andreas Leu, Swiss national, born in 1967. He studied business administration at the University of St. Gallen and holds an MBA from the Johnson Graduate School at Cornell University. After working for the International Committee of the Red Cross (ICRC), he joined Holcim in 1999 as a Consultant of Holcim Group Support. In 2002, he was appointed General Manager of Holcim Centroamérica, before assuming the position of CEO of Holcim Ecuador in 2003. During 2006 and 2007, he also held the position of CEO of Holcim Venezuela. On August 1, 2008, he was appointed Area Manager of Holcim Ltd, with responsibility for Argentina, Chile, Ecuador, Colombia, Panama, Costa Rica and Nicaragua.

Corporate Functional Managers

Bill Bolsover, please refer to the section Area Management on page 106 for his biographical information.

Jacques Bourgon, French national, born in 1958. Jacques Bourgon, a graduate in mechanical engineering of the Ecole Catholique d'Arts et Métiers, Lyon, and a postgraduate of Harvard Business School, joined Holcim in 1990. In 1992, he was appointed Plant Manager of the Tecomán plant and from 1996 to 2001 was responsible for cement operations as member of the Holcim Apasco senior management. He has been Head of the Corporate Engineering service function since mid-2001 and has been promoted to Corporate Cement Manufacturing Services Manager as of January 1, 2005, taking over responsibility for Cement Manufacturing Services effective July 1, 2005.

Roland Köhler, Swiss national, born in 1953. Roland Köhler, a graduate in business administration from the University of Zurich, joined building materials group Hunziker (Switzerland) in 1988 as Head of Finance and Administration and has transferred to Holcim as a management consultant in 1994. From 1995 to 1998, he was Head of Corporate Controlling and from 1999 to end 2001 Head of Business Risk Management. Since 2002, he has headed Corporate Strategy & Risk Management. Effective January 1, 2005, Roland Köhler has been promoted to Corporate Strategy & Risk Manager.

Stefan Wolfensberger, Swiss national, born in 1957. Stefan Wolfensberger has a doctorate from the ETH Zurich and also completed postgraduate studies at Stanford University in the USA. He joined Holcim in 1987 as a management consultant. From 1990 to 1994, he was assistant to a member of the Executive Committee. He was subsequently appointed CEO of a Belgian construction materials group. From 1997, he headed the Mineral Components/Product Development service function. He has been Head of Commercial Services since October 2004. Effective January 1, 2005, Stefan Wolfensberger has been promoted to Corporate Commercial Services Manager.

Management discussion and analysis 2008

2008 was defined by a difficult economic environment with declining construction activity in key markets and rising costs, particularly in the energy sector. By means of specific capacity adjustments and continuous improvements in efficiency and alternative fuels, the foundations are being laid for the future.

This discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the shareholders' letter, the individual reports for the Group regions, the consolidated financial statements and the notes thereon. The quarterly reports contain additional information on the regions and business performance.

Overview

The turmoil in the financial sector intensified during the course of the year under review and had a negative impact on the real global economy. In specific markets, this had crippling effects on the construction sector, particularly in the US, the UK and Spain; however, during the second half of the year, the impact was also felt in Western Europe and particularly in Russia. The continuing positive market development in India was adversely affected by rising energy costs, while other regions still made good progress, albeit tailing off during the course of the year. For this reason, the Executive Committee decided to make a focused effort to cut costs and adjust capacity to market requirements; in this context, it was decided to close the Dundee and Clarksville plants of Holcim US and Holcim Spain's Torredonjimeno plant. The cost of these closures and other restructuring measures amounts to CHF 308 million. CHF 120 million of the total was charged to operating EBITDA and CHF 188 million was recorded as writedowns.

During the first half of the financial year, the price of energy and other resources increased – sharply in some cases – pushing up production costs. The rise and subsequent fall in these prices in the second half of the year had a delayed impact on costs. This time lag is due to the fact that a substantial proportion of resources are secured under long-term purchase agreements and the inventory held in storage depots is still valued at the higher historical costs. It was not possible to pass on the higher costs to customers in full or to absorb them through improvements in efficiency and cost savings. Our margins were therefore squeezed in all segments. The efforts made in past years to increase our use of alternative fuels have borne fruit by reducing our dependence on fossil fuels.

The impact of the economic slowdown and the financial crisis has also been seriously felt in the financial markets. Refinancing in the capital markets became increasingly difficult over the course of the year. Both, the Fed and the European Central Bank responded to the current situation by making additional liquidity available and cutting interest rates drastically. During the course of the year, Holcim refinanced approximately CHF 1.3 billion in the capital markets. Holcim has a very solid balance sheet and high levels of liquidity.

In comparison with the previous year, Group Holcim South Africa and Egyptian Cement were deconsolidated. While the majority interest in Group Holcim South Africa had already been sold in June 2007, Egyptian Cement still formed part of the scope of consolidation until January 2008, when it ceased to do so following the invalidation of the existing joint venture agreement after a major competitor acquired a majority of its shares. Since then, the interest in Egyptian Cement has been accounted for using the equity method, as has the remaining stake in Group Holcim South Africa.

Operating results

Sales volumes and principal key figures

		January–December (12 months)				October–December (3 months)			
		2008	2007	±%	±% like-for-like	2008	2007	±%	±% like-for-like
Sales of cement	million t	143.4	149.6	–4.1	–0.2	34.6	36.8	–6.0	–3.0
Sales of mineral components	million t	4.8	5.5	–12.7	–9.1	1.1	1.3	–15.4	–15.4
Sales of aggregates	million t	167.7	187.9	–10.8	–12.3	40.4	50.9	–20.6	–25.5
Sales of ready-mix concrete	million m^3	48.5	45.2	+7.3	+3.8	11.5	11.6	–0.9	–6.9
Sales of asphalt	million t	13.5	14.8	–8.8	–8.8	3.2	4.3	–25.6	–25.6
Net sales	million CHF	25,157	27,052	–7.0	+4.3	5,817	6,766	–14.0	–2.7
Operating EBITDA	million CHF	5,333	6,930	–23.0	–10.1	968	1,590	–39.1	–26.9
Operating EBITDA margin	%	21.2	25.6			16.6	23.5		
Operating profit	million CHF	3,360	5,024	–33.1	–19.4	273	1,063	–74.3	–62.5
Net income	million CHF	2,226	4,545	–51.0	–44.0	119	688	–82.7	–74.1
Net income – equity holders of Holcim Ltd	million CHF	1,782	3,865	–53.9	–48.0	43	566	–92.4	–84.4
Cash flow from operating activities	million CHF	3,703	5,323	–30.4	–18.8	2,045	2,063	–0.9	+18.7

On June 18, 2008, in line with a previous announcement, the President of Venezuela issued a decree for the nationalization of the three largest cement companies operating in Venezuela, including Holcim Venezuela. The government had assumed control of Holcim Venezuela and the company was deconsolidated as of December 31. It is now included in the consolidated financial statements using equity accounting even though the sale has not yet been completed. As the Memorandum of Understanding provides for the sale of 85 percent of the shares in Holcim Venezuela, the investment was reclassified as assets held for sale.

The strengthening Swiss franc added to the pressure on the consolidated income statement. The US dollar, the pound sterling and the euro lost substantial ground against the Swiss franc.

Sales volumes and net sales

Cement sales declined by 4.1 percent in the 2008 financial year to 143.4 million tonnes. Internal growth was negative and amounted to 0.2 percent or 0.3 million tonnes. On a like-for-like basis, sales decreased slightly in Group region Europe, although Western and Eastern Europe increased their volumes. The sharp economic downturn led to a decline in cement sales in North America. Sales volume in Latin America increased due to the stable demand for construction materials. Good business activity and high capacity utilization enabled Group region Africa Middle East to record a significant increase by 1.4 million tonnes. Asia Pacific's volumes were up on the previous year due to the largely positive condition of the construction markets and numerous infrastructure projects.

Deliveries of aggregates fell by 10.8 percent to 167.7 million tonnes. On a like-for-like basis, the negative growth stands at 12.3 percent or 23.2 million tonnes. In Europe and North America, deliveries declined by 16.4 and 8.3 million tonnes respectively, while Latin America and Asia Pacific recorded increases of 0.9 and 0.5 million tonnes respectively. In Group region Africa Middle East, sales were slightly higher than the previous year.

Ready-mix concrete sales grew by 7.3 percent to 48.5 million cubic meters. On a like-for-like basis, the increase came to 3.8 percent. Group region Latin America contributed to this rise in sales with volume growth totaling 1 million cubic meters, while Group region Asia Pacific contributed an increase of 1.3 million cubic meters. Europe had zero growth and North America saw falling sales volumes.

The quarterly key figures are subject to strong seasonal fluctuations. In Europe and North America in particular, the weather conditions at the beginning and the end of the year have a major impact on construction activity – and hence on the consolidated results.

In the fourth quarter, cement deliveries decreased by 6 percent or 2.2 million tonnes in comparison with the previous year. On a like-for-like basis, the result was a decline of 3 percent or 1.1 million tonnes. Africa Middle East was the only region able to report higher volumes, posting an increase of 0.7 million tonnes.

The development in aggregates sales was negative in the last quarter, resulting in a decrease of 20.6 percent or 10.5 million tonnes. On a like-for-like basis, the decrease came to 25.5 percent or 13 million tonnes and was greatly affected by the two regions Europe and North America. Latin America increased its sales volumes by 0.3 million tonnes.

In the last quarter, 11.5 million cubic meters (2007: 11.6) of ready-mix concrete were delivered, almost matching the previous year's volume. On a like-for-like basis, growth was negative at 6.9 percent or 0.8 million cubic meters. Apart from Asia Pacific, all Group regions posted lower volumes.

Net sales

Net sales by region

	January–December (12 months)				October–December (3 months)			
Million CHF	2008	2007	±%	±% like-for-like	2008	2007	±%	±% like-for-like
Europe	10,043	10,401	–3.4	+3.0	2,116	2,628	–19.5	–10.5
North America	4,527	5,365	–15.6	–7.9	1,154	1,349	–14.5	–10.5
Latin America	4,170	4,010	+4.0	+14.8	1,007	1,049	–4.0	+7.7
Africa Middle East	1,354	1,831	–26.1	+16.3	364	365	–0.3	+24.9
Asia Pacific	6,109	6,292	–2.9	+11.3	1,510	1,614	–6.4	+11.5
Corporate/Eliminations	(1,046)	(847)			(334)	(239)		
Holcim Group	25,157	27,052	–7.0	+4.3	5,817	6,766	–14.0	–2.7

In 2008, net sales decreased by 7 percent to CHF 25,157 million. On a like-for-like basis, growth came to 4.3 percent or CHF 1,157 million. In Europe, the previous high achieved in 2007 was surpassed by 3 percent or CHF 308 million, with Eastern Europe, Western Europe and Azerbaijan accounting for most of the rise in turnover. This contrasted with declines in Spain and the UK. In North America, net sales were down by 7.9 percent or CHF 422 million. While the US posted lower figures, Canada made slight gains. In Latin America, the upward trend held firm, with Brazil in particular contributing to the rise of 14.8 percent or CHF 595 million. Africa Middle East recorded a net sales growth of 16.3 percent or CHF 298 million. A significantly higher turnover in this region was posted by Morocco. Net sales in Group region Asia Pacific increased by 11.3 percent or CHF 708 million, with the biggest contributions coming from India and Indonesia.

There was little change to individual product segment weightings since the previous year. At the end of 2008, the breakdown of net sales was as follows: cement 57.7 percent (2007: 57.5), aggregates 8.9 percent (2007: 10.7) and other construction materials and services 33.4 percent (2007: 31.8).

Operating EBITDA

Operating EBITDA by region

	January–December (12 months)				October–December (3 months)			
Million CHF	2008	2007	±%	±% like-for-like	2008	2007	±%	±% like-for-like
Europe	2,003	2,399	–16.5	–10.6	288	564	–48.9	–38.3
North America	486	999	–51.4	–46.2	42	228	–81.6	–83.8
Latin America	1,194	1,256	–4.9	+6.0	270	324	–16.7	–9.0
Africa Middle East	368	653	–43.6	+6.9	61	118	–48.3	–11.9
Asia Pacific	1,495	1,844	–18.9	–6.2	358	442	–19.0	–2.3
Corporate/Eliminations	(213)	(221)			(51)	(86)		
Holcim Group	5,333	6,930	–23.0	–10.1	968	1,590	–39.1	–26.9

The Group's overall financial performance was shaped by the slowdown in global economic growth. However, the proven strategy of geographical diversification made it possible to partially compensate for local falls in demand. During the year under review, operating EBITDA fell by 23 percent to CHF 5,333 million. On a like-for-like basis, operating EBITDA growth came to a negative 10.1 percent or CHF 703 million. If the cost (CHF 120 million) of the plant closures in Spain and the US included in operating EBITDA is also factored out, the negative operating EBITDA growth stands at 8.4 percent.

As a percentage of net sales, distribution and selling expenses increased from 22.7 percent the previous year to 23.5 percent. This rise is mainly due to higher transport costs brought about by increases in energy costs. As a percentage of net sales, administration expenses increased from 6.7 percent the previous year to 7 percent.

On a like-for-like basis, Group region Europe posted a decline in operating EBITDA by 10.6 percent or CHF 254 million. Factoring out the cost of the plant closure in Spain, the decrease came to 7.9 percent. The reasons for this decrease lay mainly in Spain, which experienced a sharp decline in volumes plus price pressure, and in a reduction in the UK. These are the two countries in which Europe's construction industry is suffering the most from the economic slowdown. North America suffered from a combination of the sharp decline in volumes and price pressure and operating EBITDA declined by 46.2 percent or CHF 462 million. Factoring out the cost of closing the two plants in the US, the decrease came to 40.7 percent. The main source of this negative growth was in the US. In Latin America, operating EBITDA increased by 6 percent or CHF 75 million, with Brazil and Venezuela making the largest contributions to this growth. Operating EBITDA in Group region Africa Middle East increased by 6.9 percent or CHF 45 million, mainly due to the good results from Morocco. The decrease in Asia Pacific totaled 6.2 percent or CHF 114 million, most of this figure being attributable to India and to higher energy costs. Indonesia is the only operational company in this region that bucked the negative trend and increased its operating EBITDA significantly.

Compared to the previous-year's fourth quarter, operating EBITDA dropped by 39.1 percent to CHF 968 million. On a like-for-like basis, the Group posted negative growth of 26.9 percent or CHF 427 million. Factoring out the plant closure costs included in operating EBITDA, negative growth stands at 19.3 percent. In Europe, the main contributions to the decrease of 38.3 percent came from Spain and Russia, where the causes lay in lower sales volumes, higher costs and price pressure. In North America, the economic downturn and rising costs were very much in evidence and led to a decrease of 83.8 percent. In the last quarter, Latin America posted a 9 percent decrease in operating EBITDA. Growth in Group region Africa Middle East came to a negative 11.9 percent; Asia Pacific reported a decrease of 2.3 percent.

Operating EBITDA margin

In all Group regions, the operating EBITDA margin declined, with the Group as a whole seeing a 4.4 percentage point fall from 25.6 percent to 21.2 percent.

On a like-for-like basis and factoring out the plant closure costs in operating EBITDA, the EBITDA margin fell by 3 percentage points. The 3.1 percentage point reduction in Europe was very much shaped by the development in Spain and the UK. In Group region North America, the operating EBITDA margin declined by 7.7 percentage points as a result of the economic downturn. Latin America reported a 2.4 percentage point lower margin, mainly because of the higher costs in the energy sector (petcoke) which had a detrimental impact on the developments in Mexico and Chile in particular. Group region Africa Middle East saw its margin narrow by 2.9 percentage points. Asia Pacific recorded a 4.6 percentage point lower margin.

In the cement segment, the operating EBITDA margin declined by 5.3 percentage points from 32.6 percent the previous year to 27.3 percent or 28.1 percent factoring out closure costs. Margins were lower in all Group regions. The margin in the aggregates segment edged down 0.8 percentage points to 19.5 percent. Group regions Europe and Latin America were both able to increase their margins in this segment, but this was more than offset by the lower margins in the remaining regions. The other construction materials and services segment saw its margin shrink by 2.7 percentage points to 4.3 percent; all Group regions contributed to this development and recorded lower margins than the previous year.

Operating profit

During the year under review, operating profit fell by 33.1 percent to CHF 3,360 million. On a like-for-like basis, operating profit growth came to a negative 19.4 percent or CHF 977 million. If the cost and depreciation (CHF 308 million) of the plant closures in Spain and the US included in operating profit are factored out, the negative operating profit growth stands at 13.3 percent.

Net income

Net income declined by 51 percent or CHF 2,319 million to CHF 2,226 million. On a like-for-like basis and factoring out the special effect (CHF 1,260 million) in 2007 arising from the sale of Group Holcim South Africa and the plant closure costs of CHF 205 million (after tax), the decrease in net income comes to 16.3 percent. The decline is largely a consequence of the lower operating profit, which fell back by CHF 1,664 million from CHF 5,024 million the previous year to CHF 3,360 million.

Net income attributable to equity holders of Holcim Ltd was 80.1 percent, compared to 85 percent for the previous year. The decrease is mainly attributable to the higher profit contributions of companies with minority interests such as Holcim Morocco, Costa Rica and Indonesia as well as the two Indian companies. Net income – equity holders of Holcim Ltd – declined by 53.9 percent or CHF 2,083 million to CHF 1,782 million. On a like-for-like basis and factoring out the special effect arising from the sale of Group Holcim South Africa and the plant closure costs (after tax), the decrease in net income comes to 15 percent. Earnings per Holcim Ltd dividend-bearing registered share fell 54.1 percent in the year under review from CHF 14.86 to CHF 6.82. Factoring out the special effect arising from the sale of Group Holcim South Africa, this figure amounted to CHF 10.02 the previous year and stands at CHF 7.60 in fiscal 2008, if the plant closure costs (after tax) are factored out.

Financing activities, investments and liquidity

Cash flow

	January–December (12 months)			October–December (3 months)		
Million CHF	2008	2007	±%	2008	2007	±%
Cash flow from operating activities	3,703	5,323	–30.4	2,045	2,063	–0.9
Net capital expenditures to maintain productive capacity and to secure competitiveness	(1,104)	(1,043)	+5.8	(412)	(305)	+35.1
Free cash flow	**2,599**	**4,280**	**–39.3**	**1,633**	**1,758**	**–7.1**
Investments in property, plant and equipment for expansion	(3,287)	(2,245)	+46.4	(1,144)	(886)	+29.1
Financial investments net	(1,084)	(2,277)	–52.4	(155)	(849)	–81.7
Dividends paid	(1,105)	(872)	+26.7	(14)	(23)	–39.1
Financing (requirement) surplus	**(2,877)**	**(1,114)**	**+158.3**	**320**	**0**	
Cash flow from financing activities	3,772	1,262	+198.9	(72)	163	–144.2
Increase in cash and cash equivalents	**895**	**148**	**+504.7**	**248**	**163**	**+52.1**

In 2008, the effective tax rate stood at 23 percent (2007: 21). The previous year's tax rate was affected by the tax-free capital gain amounting to CHF 1,260 million realized in conjunction with the sale of Group Holcim South Africa. Without this special effect, the previous year's tax rate stands at 27 percent. The Holcim Group benefited from the global trend toward lower rates of corporate taxation; in addition, there was a decline in earnings in regions with high tax rates. In 2008, deferred taxes on future offsettable losses were capitalized in North America in particular.

Cash flow from operating activities

Cash flow from operating activities declined by CHF 1,620 million or 30.4 percent to CHF 3,703 million. On a like-for-like basis, the decrease amounted to CHF 1,003 million or 18.8 percent. The operating result impacted negatively on cash flow, while the decrease of CHF 267 million in tax charges had a positive impact. The cash flow margin came to 14.7 percent in 2008 and amounted to 19.7 percent the previous year.

Investment activities

The financial year under review saw cash flow from investment activity decrease by CHF 90 million to CHF 5,475 million. This change is partly due to the decline in investments in financial assets and partly to an increase in expansion investments.

Holcim invested a net CHF 4,391 million in production and other fixed assets in 2008. Compared to the previous year's figure of CHF 3,288, this represents an increase of 33.5 percent. This increase reflects Holcim's long-term investment program aimed at strengthening and expanding its positions in existing and new markets. We also make every effort to ensure that all our facilities measure up to state-of-the-art standards in terms of both cost and environmental efficiency. The most important current investment projects include the construction of new cement plants in the US and Mexico and the expansion of a cement plant in Russia. In addition, Holcim is selectively expanding its capacities in the growth market of India. In light of the current economic situation, the Executive Committee has once again reviewed all projects and postponed certain expansion moves within ongoing projects. No new investment projects are being approved for the time being. This means that 2008 marks the culmination of the long-term investment program. Further information on investment in financial assets can be found on pages 132 to 133 of the Annual Report.

Key investment projects

Ste. Genevieve – new cement plant in the US

Construction of the new cement plant in Ste. Genevieve County, Missouri, which will have an annual capacity of 4 million tonnes, is progressing as planned, with commissioning scheduled for the second half of 2009. As of the end of 2008, the plant is approximately 75 percent complete. All equipment and all structural steel have been delivered. Construction is complete in the crushing areas, and the commissioning and testing phase has begun. Staff have been recruited and are undergoing an extensive training phase in preparation for the forthcoming commissioning of the plant.

Shurovo – capacity expansion in Russia

In the first quarter of 2007, in order to create a stable Russian base for Holcim called for in the fundamental strategy, work began on the modernization and expansion of the Shurovo cement plant. This doubling of Holcim's annual capacity to 2.1 million tonnes of cement will enable the Group to participate in Russia's vigorous long-term economic growth, and the modernization of the plant will make a major contribution to improving environmental protection. Safety at work is also a central aspect of this project, in keeping with our social responsibilities.

Hermosillo – new cement plant in Mexico

In view of Mexico's growth potential, Holcim has decided to build a new cement plant near Hermosillo in the northwest of the country with an annual capacity of 1.6 million tonnes. Beginning in 2010, the new plant will be the ideal complement to the existing production network in Mexico – giving Holcim Apasco an even better national position. As of the end of 2008, one third of the construction work has been completed and is proceeding according to plan.

India – expanding our market position

Our two Indian companies, ACC and Ambuja Cements, are strengthening their position in the growing Indian market with a number of major investment projects that will be completed by 2010. As a result of the planned projects, ACC's capacity will be expanded by 6.3 million tonnes of cement and that of Ambuja Cements by 6 million tonnes of cement.

Investments in rationalizing and improving processes and in environmental and occupational safety measures amounted to CHF 1,231 million (2007: 1,384).

In connection with the successfully implemented Asset Reduction Program (ARP) in place since mid-2002, 2008 saw the sale of more redundant assets. The book value of assets sold under the ARP totaled CHF 95 million (2007: 192).

Group ROIC

The Group return on invested capital (ROIC) measures the profitability of the capital employed. It is regarded as a measure of operating profitability. It is calculated by expressing EBIT as a percentage of the average invested capital (excluding cash and cash equivalents and securities).

Group ROIC

Million CHF

	EBIT[1]	Invested capital Previous year	Business year	Average	ROIC in %
2007	6,549	34,780	37,934	36,357	18.0
2008	3,723	37,934	35,371	36,653	10.2

[1] Earnings before interest and taxes.

In fiscal 2008, the ROIC fell 7.8 percentage points from 18 percent to 10.2 percent. Factoring out plant closure costs, the ROIC stands at 11 percent. If the previous year's EBIT is adjusted for the special effect totaling CHF 1,260 million arising from the sale of Group Holcim South Africa, this produces an ROIC of 14.6 percent for 2007 and a decrease of 3.6 percentage points. The negative growth in fiscal 2008 is attributable to the decline in EBIT and the simultaneous increase in average invested capital. The strong investment activity, which normally only starts to generate EBIT after a construction phase of two to three years, is charged to the ROIC.

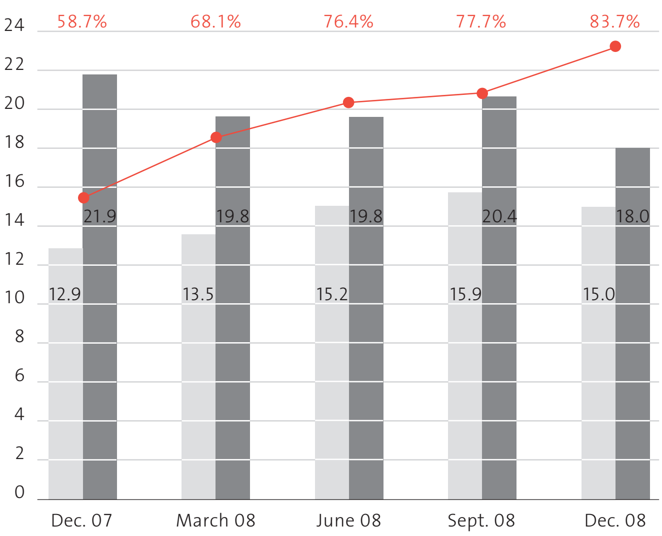
Financing activity

In addition to cash flow from operating activities, the additional debt capital was used to fund investments and refinance existing borrowings. In addition to various credit financing transactions, the following significant transactions should be mentioned:

EUR	358 million	private placement of Holcim US Finance S.à r.l. & Cie S.C.S. Luxembourg with floating interest rates, a term of 2008 to 2013, swapped into USD at inception with floating interest rates. Guaranteed by Holcim Ltd.
EUR	90 million	private placement of Holcim US Finance S.à r.l. & Cie S.C.S. Luxembourg with fixed interest rate of 5.12%, a term of 2008 to 2013, swapped into USD at inception with floating interest rates. Guaranteed by Holcim Ltd.
EUR	202 million	private placement of Holcim US Finance S.à r.l. & Cie S.C.S. Luxembourg with floating interest rates, a term of 2008 to 2015, swapped into USD at inception with floating interest rates. Guaranteed by Holcim Ltd.
MAD	1,500 million	bond Holcim (Maroc) S.A. with fixed interest rate of 5.49% and a term of 2008 to 2015.
INR	2,000 million	debt securities ACC Limited with fixed interest rate of 11.3% and a term of 2008 to 2013.

Net financial debt and total shareholders' equity

Billion CHF



Net financial debt
Total shareholders' equity (including minority interests)
Gearing

Net financial debt

Net financial debt increased last financial year as a result of heavy investment activity. At the end of the financial year, it stood at CHF 15,047 million (2007: 12,873).

At the end of fiscal 2008, the ratio of net financial debt to equity capital (gearing) reached 83.7 percent. The gearing increased as a result of the lower equity base – mainly because of foreign currency effects – and the increase in net financial debt.

The other important financial ratios deteriorated compared with the previous-year figures owing to the lower cash inflow, but were still above the internal target values. In 2008, the ratio of funds from operations (FFO) to net financial debt stood at 28 percent (Holcim target: >25). The EBITDA net interest coverage reached 7.6× (Holcim target: >5) and the EBIT net interest coverage comes to 4.9× (Holcim target: >3).

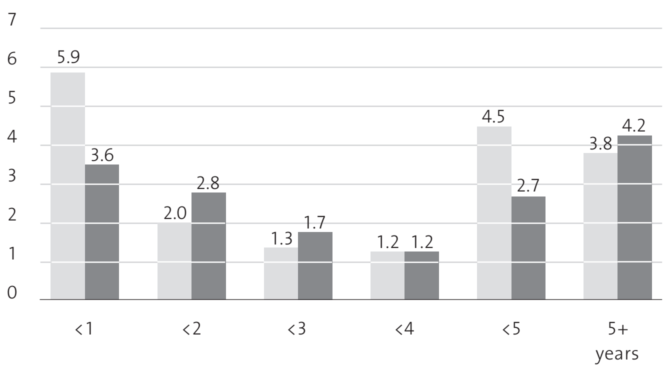
Holcim places importance on favorable credit ratings, and therefore gives corresponding priority to achieving its financial targets and retaining its solid investment grade status. Detailed information on the credit ratings can be found on page 41 of this Annual Report.

Financing profile

Holcim has a broadly diversified capital base. 43 percent of the financial liabilities are financed through various capital markets (see overview of all outstanding bonds and private placements on pages 156 to 157) and 57 percent through banks and other lenders. There are no major positions with individual lenders. The average maturity of financial liabilities shortened from 4 years the previous year to 3.7 years. The proportion of

Maturities of financial liabilities

Billion CHF



31.12.2008
31.12.2007

liabilities in US dollar fell from 36 percent the previous year to 29 percent. Liabilities in US dollars, euros and pounds sterling totaled 57 percent of all financial liabilities. At 3.8 percent, the average interest rate of the financial liabilities as at December 31, 2008 was lower than the previous year's figure of 5.1 percent. This decrease is attributable to the fall in interest rates on the liabilities in Swiss francs and the three most important foreign currencies and in particular the US dollar. The average interest rates of liabilities were as follows: US dollar: 3.3 percent, euro: 4.3 percent, pound sterling: 6.1 percent.

Liquidity

To secure liquidity, the Group holds cash and cash equivalents of CHF 3,605 million (2007: 3,345). This cash is invested in time deposits held with a large number of banks on a broadly diversified basis. As of December 31, 2008, unutilized credit lines amounting to CHF 3,985 million (2007: 8,194) were also available (see also page 153). This includes unused committed credit lines of CHF 2,027 million (2007: 5,471). Committed credit lines at corporate level do not include any financial covenants or material adverse change clauses.

Currency sensitivity

The Group operates in more than 70 countries, generating by far the biggest part of its results in currencies other than the Swiss franc. Only about 3 percent of net sales are generated in Swiss francs.

Foreign currency fluctuation has little effect on Group accounts. As the Group produces a very high proportion of its products locally, most costs are also incurred in local currencies. The effects of foreign exchange movements are therefore largely restricted to the translation of local financial statements and were, on balance, negative during the last financial year.

The currency effect of the US dollar and the euro on the most important key figures of the consolidated financial statements and on cash flow from operating activities is presented on the basis of the following sensitivity analyses. The sensitivity analysis only factors in those effects caused by the translation of local financial statements into Swiss francs (translation effect). Currency effects from transactions conducted locally cannot be reflected in the analysis. However, due to the fact that we produce locally, currency risk is low. Since sales and the related expenses are denominated in the same currency, they are by nature protected from currency fluctuations. The impact of a hypothetical decline in the value of the US dollar or the euro against the Swiss franc by CHF 0.01 would be as follows:

Sensitivity analysis US dollar

	USD/CHF at 1.08	USD/CHF at 1.07	± in million CHF
Million CHF			
Net sales	25,157	25,121	(36)
Operating EBITDA	5,333	5,325	(8)
Net income	2,226	2,224	(2)
Cash flow from operating activities	3,703	3,699	(4)

Sensitivity analysis euro

	EUR/CHF at 1.59	EUR/CHF at 1.58	± in million CHF
Million CHF			
Net sales	25,157	25,130	(27)
Operating EBITDA	5,333	5,329	(4)
Net income	2,226	2,224	(2)
Cash flow from operating activities	3,703	3,699	(4)

Consolidated statement of income of Group Holcim

Million CHF	Notes	2008	2007	±%
Net sales	5	**25,157**	**27,052**	**–7.0**
Production cost of goods sold	6	(14,116)	(14,073)	
Gross profit		**11,041**	**12,979**	**–14.9**
Distribution and selling expenses	7	(5,921)	(6,150)	
Administration expenses		(1,760)	(1,805)	
Operating profit		**3,360**	**5,024**	**–33.1**
Other income	10	19	1,242	
Share of profit of associates	21	229	259	
Financial income	11	271	227	
Financial expenses	12	(990)	(1,006)	
Net income before taxes		**2,889**	**5,746**	**–49.7**
Income taxes	13	(663)	(1,201)	
Net income		**2,226**	**4,545**	**–51.0**
Attributable to:				
Equity holders of Holcim Ltd		1,782	3,865	–53.9
Minority interest		444	680	–34.7
CHF				
Earnings per dividend-bearing share[1]	15	6.82	14.86	–54.1
Fully diluted earnings per share[1]	15	6.81	14.73	–53.8

Million CHF	Notes	2008	2007	±%
Operating EBITDA[2]	9	5,333	6,930	–23.0
EBITDA[3]		5,708	8,468	–32.6

[1] EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted by the average number of shares.
[2] Operating profit CHF 3,360 million (2007: 5,024) before depreciation, amortization and impairment of operating assets CHF 1,973 million (2007: 1,906).
[3] Net income CHF 2,226 million (2007: 4,545) before interest earned on cash and marketable securities CHF 156 million (2007: 203), financial expenses CHF 990 million (2007: 1,006), taxes CHF 663 million (2007: 1,201) and depreciation, amortization and impairment CHF 1,985 million (2007: 1,919).

Consolidated balance sheet of Group Holcim

Million CHF	Notes	31.12.2008	31.12.2007
Cash and cash equivalents	16	3,605	3,345
Marketable securities		5	27
Accounts receivable	17	3,116	4,073
Inventories	18	2,482	2,535
Prepaid expenses and other current assets		385	348
Assets classified as held for sale	19	401	44[1]
Total current assets		**9,994**	**10,372**
Long-term financial assets	20	715	639
Investments in associates	21	1,341	809
Property, plant and equipment	23	23,262	25,011
Intangible and other assets	24	9,613	11,076
Deferred tax assets	30	268	304
Total long-term assets		**35,199**	**37,839**
Total assets		**45,193**	**48,211**
Trade accounts payable	26	2,566	2,924
Current financial liabilities	27	5,863	3,616
Current tax liabilities		349	332
Other current liabilities		1,734	1,961
Short-term provisions	31	201	192
Liabilities directly associated with assets classified as held for sale	19	52	0
Total current liabilities		**10,765**	**9,025**
Long-term financial liabilities	28	12,789	12,629
Defined benefit obligations	32	334	416
Deferred tax liabilities	30	2,157	2,900
Long-term provisions	31	1,174	1,296
Total long-term liabilities		**16,454**	**17,241**
Total liabilities		**27,219**	**26,266**
Share capital	35	527	527
Capital surplus		6,870	6,879
Treasury shares	35	(401)	(67)
Reserves		8,362	11,443
Total equity attributable to shareholders of Holcim Ltd		**15,358**	**18,782**
Minority interest		2,616	3,163
Total shareholders' equity		**17,974**	**21,945**
Total liabilities and shareholders' equity		**45,193**	**48,211**

[1] Reclassified from prepaid expenses and other current assets.

Statement of changes in consolidated equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares
Equity as at December 31, 2006	**511**	**6,085**	**(62)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase			
Conversion of convertible bonds	16	792	
Dividends			
Change in treasury shares			(18)
Share-based remuneration		2	13
Capital repaid to minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements	**16**	**794**	**(5)**
Equity as at December 31, 2007	**527**	**6,879**	**(67)**
Equity as at December 31, 2007	**527**	**6,879**	**(67)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase			
Conversion of convertible bonds			
Dividends			
Change in treasury shares			(350)
Share-based remuneration		(9)	16
Capital paid-in by minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements		**(9)**	**(334)**
Equity as at December 31, 2008	**527**	**6,870**	**(401)**

	Attributable to equity holders of Holcim Ltd					Minority interest	Total shareholders' equity
	Retained earnings	Available-for-sale equity reserve	Cash flow hedging reserve	Currency translation effects	Total reserves		
	9,914	**3**	**(5)**	**(1,269)**	**8,643**	**3,548**	**18,725**
				(555)	(555)	105	(450)
			6		6		6
			6	(555)	(549)	105	(444)
	3,865				3,865	680	4,545
	3,865		**6**	**(555)**	**3,316**	**785**	**4,101**
							808
	(522)				(522)	(332)	(854)
	6				6		(12)
							15
						(11)	(11)
						(74)	(74)
						(753)	(753)
	(516)				**(516)**	**(1,170)**	**(881)**
	13,263	**3**	**1**	**(1,824)**	**11,443**	**3,163**	**21,945**
	13,263	**3**	**1**	**(1,824)**	**11,443**	**3,163**	**21,945**
				(4,006)	(4,006)	(681)	(4,687)
		(6)			(6)		(6)
			16		16		16
		(6)	16	(4,006)	(3,996)	(681)	(4,677)
	1,782				1,782	444	2,226
	1,782	**(6)**	**16**	**(4,006)**	**(2,214)**	**(237)**	**(2,451)**
	(868)				(868)	(217)	(1,085)
	1				1		(349)
						1	8
						2	2
						(1)	(1)
						(95)	(95)
	(867)				**(867)**	**(310)**	**(1,520)**
	14,178	**(3)**	**17**	**(5,830)**	**8,362**	**2,616**	**17,974**

Consolidated cash flow statement of Group Holcim

Million CHF	Notes	2008	2007
Net income before taxes		**2,889**	**5,746**
Other income		(19)	(1,242)
Share of profit of associates	21	(229)	(259)
Financial expenses net	11,12	719	779
Operating profit		**3,360**	**5,024**
Depreciation, amortization and impairment of operating assets	8	1,973	1,906
Other non-cash items		265	187
Change in net working capital		(603)	(92)
Cash generated from operations		**4,995**	**7,025**
Dividends received		206	233
Interest received		284	234
Interest paid		(861)	(972)
Income taxes paid		(877)	(1,144)
Other expenses		(44)	(53)
Cash flow from operating activities (A)		**3,703**	**5,323**
Purchase of property, plant and equipment	38	(4,518)	(3,629)
Disposal of property, plant and equipment	38	127	341
Purchase of financial assets, intangible, other assets and businesses	38	(1,886)	(3,181)
Disposal of financial assets, intangible, other assets and businesses	38	802	904
Cash flow used in investing activities (B)		**(5,475)**	**(5,565)**
Dividends paid on ordinary shares		(868)	(522)
Dividends paid to minority shareholders		(237)	(350)
Capital increase		0	(8)
Capital paid-in by (repaid to) minority interests		2	(11)
Movements of treasury shares net		(349)	(12)
Increase in current financial liabilities net		2,119	406
Proceeds from long-term financial liabilities		8,580	5,314
Repayment of long-term financial liabilities		(6,580)	(4,427)
Cash flow from financing activities (C)		**2,667**	**390**
Increase in cash and cash equivalents (A+B+C)		**895**	**148**
Cash and cash equivalents as at January 1	16	**3,345**	**3,208**
Increase in cash and cash equivalents		895	148
Currency translation effects		(629)	(11)
Cash and cash equivalents as at December 31	16	**3,611**	**3,345**

The conversions of the convertible bonds are disclosed in note 35. In 2007, the position capital increase includes the costs for the conversions of the convertible bonds.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Adoption of revised and new International Financial Reporting Standards and new interpretations

In 2008, Group Holcim adopted the following new interpretations relevant to the Group which became effective from January 1, 2008:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The effect of applying IFRIC 11 and IFRIC 14 had no material impact on the Group.

In 2009, Group Holcim will adopt the following new and revised standards and interpretations relevant to the Group:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23 (amended)	*Borrowing Costs*
IFRS 2 (amended)	*Share-based Payment*
IFRS 8	*Operating Segments*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
Improvements to IFRSs	*Clarifications of existing IFRSs*

The revised IAS 1 and the new IFRS 8 are presentation and disclosure related only. The amendment to IAS 23 will have no impact on the consolidated financial statements as the accounting policy already specify capitalization of attributable interest costs. The amendment to IFRS 2 clarifies that vesting conditions are either service conditions or performance conditions. IFRIC 16 provides guidance in respect of hedges of foreign currency risks on net investments in foreign operations. The amendments will have no material impact on the Group. The improvements to IFRSs relate largely to clarification issues only. Therefore, the effect of applying these amendments will have no material impact on the Group's financial statements.

In 2010, Group Holcim will adopt the following revised standards relevant to the Group:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

According to IAS 27 (revised), changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. The amendment to IFRS 3 (revised) introduces several changes such as the choice to measure a non-controlling interest in the acquiree either at fair value or at its proportionate interest in the acquiree's identifiable net assets, the accounting for step acquisitions requiring the remeasurement of a previously held interest to fair value through profit or loss as well as the expensing of acquisition costs directly to the income statement.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to goodwill, and to a lesser extent defined benefit obligations, deferred tax assets, long-term provisions, depreciation of property, plant and equipment and disclosure of contingent liabilities at the balance sheet date. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 32). The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 24). All other estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation
The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including joint ventures. The list of principal companies is presented in the section “Principal companies of the Holcim Group”.

Principles of consolidation
Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the minority shareholders both as part of and outside a business combination. In such cases, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the minority interest recognized as goodwill. To the extent that the Group has a present ownership interest, no earnings are attributed to minority interests. The financial liability is subsequently measured at amortized cost. Effects of changes in expected cash flows are charged against goodwill.

The Group’s interest in jointly controlled entities is consolidated using the proportionate method of consolidation. Under this method, the Group records its share of the joint ventures’ individual income and expenses, assets and liabilities and cash flows in the consolidated financial statements on a line-by-line basis. All transactions and balances between the Group and joint ventures are eliminated to the extent of the Group’s interest in the joint ventures.

Investments in associated companies are accounted for using the equity method of accounting. These are companies over which the Group generally holds between 20 and 50 percent of the voting rights and has significant influence but does not exercise control. Goodwill arising on the acquisition is included in the carrying amount of the investment in associated companies. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company reaches zero, unless the Group has in addition either incurred or guaranteed additional obligations in respect of the associated company.

Foreign currency translation
Income statements of foreign entities are translated into the Group’s reporting currency at average exchange rates for the year and balance sheets are translated at exchange rates ruling on December 31.

Goodwill arising on the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Exchange differences arising on monetary items that form part of an entity’s net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are only released to the income statement on the disposal of the foreign operation. The individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Segment information

Segment information is presented in respect of the Group's geographical and business segments.

The primary segment reporting format, which reflects the management organization, is presented by geographical area, based on the location of assets.

Secondary information is reported by business segments and is defined as strategic activities focusing on the delivery of a range of products or services to create value for customers. The segmentation comprises cement, aggregates and other construction materials and services.

Transfer prices between business segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Cash and cash equivalents

Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments, net of bank overdrafts.

Marketable securities

Marketable securities consist primarily of debt and equity securities which are traded in liquid markets and are classified as available-for-sale. They are carried at fair value with all fair value changes recorded in equity until the financial asset is either impaired or disposed of at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Accounts receivable

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Financial assets

Financial assets consist of (a) investments in third parties, (b) long-term receivables from associates, (c) long-term receivables from third parties, and (d) long-term derivative assets. Investments in third parties are classified as available-for-sale and long-term receivables from associates and third parties are classified as loans and receivables. Long-term derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

All purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. Purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost. Available-for-sale investments are carried at fair value, while held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. All other repairs and maintenance expenses are charged to the income statement during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest cost on borrowings to finance construction projects which last longer than one year are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of inception of the lease at the present value of the minimum future lease payments. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale and lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill that is recognized as an intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses.

On disposal of a subsidiary, associate or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint ventures is allocated to cash generating units for the purpose of impairment testing (note 24). Impairment losses relating to goodwill cannot be reversed in future periods.

In the event that Holcim acquires a minority interest in a subsidiary, goodwill is measured at cost, which represents the excess of the purchase consideration given over Holcim's additional interest in the book value of the net assets acquired.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets
At each balance sheet date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs.

If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

Impairment of financial assets
At each balance sheet date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the origial effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is recognized in the income statement and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized directly in equity and not in the income statement while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

In relation to accounts receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Long-term financial liabilities
Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the balance sheet date are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage is recorded through operating costs over the life of the site to reflect the best estimate of the expenditure required to settle the obligation at balance sheet date. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related asset as appropriate in the current period. All provisions are discounted to their present value based on a long-term borrowing rate.

Emission rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the funds on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Actuarial gains or losses are amortized based on the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

Employee benefits – Defined contribution plans
In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits
Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately and no corridor approach is applied.

Employee benefits – Equity compensation plans
The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the income statement over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 33).

Minority interests
Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

Revenue recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain activities of the Group are construction contract driven. Consequently, contract revenue and contract costs are recognized in the income statement on the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities
Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments
Information about accounting for derivative financial instruments and hedging activities is included in the section "Risk management".

Risk management

Business Risk Management

Business Risk Management supports the Executive Committee and the management teams of the Group companies in their strategic decisions. Business Risk Management aims to systematically recognize major risks facing the company. Potential risks are identified and evaluated at an early stage and constantly monitored. Countermeasures are then proposed and implemented at the appropriate level. All types of risk, from market, operations, finance and legal up to the external business environment, are considered including compliance and reputational aspects.

In addition to the Group companies, the Executive Committee and the Board of Directors are also involved in the assessment. The Group's risk profile is assessed from a variety of top-down and bottom-up angles. The Executive Committee reports regularly to the Board of Directors on important risk analysis findings and provides updates on the measures taken.

Financial risk factors – General risk management approach

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business. As such, a risk-averse approach is pursued.

Financial risk management within the Group is governed by policies approved by Group management. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Financial risk factors – Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. Management actively monitors these exposures. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk. To manage liquid funds, it might write call options on assets it has or it might write put options on positions it wants to acquire and has the liquidity to acquire. Holcim, therefore, expects that any loss in value of those instruments generally would be offset by increases in the value of the underlying transactions.

Financial risk factors – Liquidity risk

Group companies need a sufficient availability of cash to meet their obligations. Individual companies are responsible for their own cash surpluses and the raising of loans to cover cash deficits, subject to guidance by the Group and, in certain cases, for approval at Group level.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Financial risk factors – Interest rate risk

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, Holcim may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Financial risk factors – Foreign exchange risk

The Group operates internationally and therefore is exposed to foreign exchange risks arising primarily from USD, GBP and EUR but also from various currency exposures in currencies from Europe, North America, Latin America, Africa Middle East and Asia Pacific.

The translation of local balance sheets and statements of income into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in cumulative translation differences.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which does not include the hedging of forecasted transactions as it is not considered economical.

Financial risk factors – Equities and securities risk
In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Financial risk factors – Capital structure
The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of both the ratio of funds from operations as a percentage of net financial debt and gearing.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated balance sheet.

Gearing is calculated as net financial debt divided by total shareholders' equity as shown in the consolidated balance sheet.

During 2008, the Group's target, which was unchanged from 2007, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a gearing in the range of no more than 100 percent in order to maintain a solid investment grade rating.

The decrease in the ratio funds from operations/net financial debt is both a result of decreased net income as well as increased net financial debt.

The increase in gearing arose due to increased net financial debt as well as decreased total shareholders' equity. Shareholders' equity decreased by 18.1 percent during 2008 mainly as a result of currency translation effects recognized in equity.

Million CHF	2008	2007
Net income	2,226	4,545
Depreciation, amortization and impairment	1,985	1,919
Funds from operations	4,211	6,464
Financial liabilities	18,652	16,245
Cash and cash equivalents	(3,605)	(3,372)[1]
Net financial debt	15,047	12,873
Funds from operations/net financial debt	**28.0%**	**50.2%**

Million CHF	2008	2007
Financial liabilities	18,652	16,245
Cash and cash equivalents	(3,605)	(3,372)[1]
Net financial debt	15,047	12,873
Total shareholders' equity	17,974	21,945
Gearing	**83.7%**	**58.7%**

[1] Including marketable securities.

Financial risk factors – Credit risk

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. In addition, Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges and that are highly effective are recognized in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or to investments in foreign entities. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items including translation gains and losses in hedged foreign investments.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22 and 29. Movements in the cash flow hedging reserve and available-for-sale equity reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is generally based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Notes to the consolidated financial statements

1 Changes in the scope of consolidation

The scope of consolidation has been affected mainly by the following deconsolidations made during 2008 and 2007:

Deconsolidated in 2008	Effective as at
Holcim Venezuela	December 31, 2008
Egyptian Cement Company	January 23, 2008

Deconsolidated in 2007	Effective as at
Group Holcim South Africa	June 5, 2007

At December 31, 2008, **Holcim Venezuela** was deconsolidated. Immediately thereafter, it was accounted for as an associate and classified as held for sale (note 19).

The impact of the above resulted in Group Holcim derecognizing assets and liabilities amounting to CHF 313 million and CHF 96 million respectively including the derecognition of attributable goodwill of CHF 3 million and the recognition of an investment in an associate of CHF 220 million.

On January 23, 2008, a competitor acquired 100 percent of the outstanding shares of Orascom Cement, an affiliated company of Orascom Construction Industries (OCI). Orascom Cement owns 53.7 percent of the shares in **Egyptian Cement Company**. As a result of a joint venture agreement with OCI, Holcim proportionately consolidated its 43.7 percent interest in Egyptian Cement Company. Given the acquisition of Orascom Cement by a competitor, the joint venture agreement between OCI and Holcim became void and Holcim applies equity accounting in accordance with IAS 28 to its investment as of this date. Since Holcim's stake remains unchanged, the above event will therefore have no impact on consolidated net income.

The impact of the above resulted in Group Holcim derecognizing its proportionate interest of total assets and liabilities amounting to CHF 933 million and CHF 605 million respectively including the derecognition of attributable goodwill of CHF 80 million and the recognition of an investment in an associate of CHF 223 million.

On June 5, 2007, Holcim disposed of 85 percent of its direct interest in the parent of the **Group Holcim South Africa** in the context of a Black Economic Empowerment transaction.

Since the date of the disposal, Group Holcim South Africa has been accounted for as an associate based on its 15 percent interest in accordance with IAS 28 using the equity method of accounting due to significant influence.

Assets and liabilities of Group Holcim South Africa at the date of disposal

Million CHF	
Cash and cash equivalents	66
Other current assets	165
Property, plant and equipment	298
Other assets	30
Short-term liabilities	(169)
Long-term provisions	(54)
Other long-term liabilities	(62)
Net assets	**274**
Minority interest	(154)
Net assets disposed	**120**
Total selling price	**1,278**
Cash	713
Loan notes	565

During 2008, the outstandig loan notes relating to the sale of Group Holcim South Africa were fully repaid.

The sale of the shareholding resulted in a capital gain of CHF 1,110 million. Additionally, a special dividend of CHF 150 million net was received from the Group Holcim South Africa.

Business combinations individually not material are included in aggregate in note 38. If the acquisitions had occured on January 1, 2008, Group net sales and net income would have remained substantially unchanged.

An overview of the subsidiaries, joint ventures and associated companies is included in section "Principal companies of the Holcim Group" on pages 178 to 180.

2 Foreign currencies

The following table summarizes the principal exchange rates that have been used for translation purposes.

	Statement of income Average exchange rate in CHF			Balance sheet Year-end exchange rate in CHF		
	2008	2007	±%	31.12.2008	31.12.2007	±%
1 EUR	1.59	1.65	–3.6	1.49	1.66	–10.2
1 GBP	1.99	2.40	–17.1	1.53	2.25	–32.0
1 USD	1.08	1.20	–10.0	1.06	1.13	–6.2
1 CAD	1.01	1.12	–9.8	0.87	1.15	–24.3
100 MXN	9.72	11.00	–11.6	7.68	10.32	–25.6
100 INR	2.48	2.91	–14.8	2.18	2.86	–23.8
100 THB	3.22	3.51	–8.3	3.02	3.32	–9.0
1,000 IDR	0.11	0.13	–15.4	0.10	0.12	–16.7
100 PHP	2.43	2.61	–6.9	2.25	2.74	–17.9
1 AUD	0.91	1.01	–9.9	0.73	0.99	–26.3

3 Segment information by region

	Europe		North America		Latin America	
	2008	2007	2008	2007	2008	2007
Capacity and sales						
Million t						
Annual production capacity cement	47.4	48.9	21.3	22.3	31.9	34.0
Sales of cement	33.7	34.3	14.4	16.4	27.2	26.6
Sales of mineral components	2.4	2.4	1.8	2.3		
Sales of aggregates	97.6	108.8	49.3	56.9	13.4	12.5
Sales of asphalt	6.6	6.8	6.8	8.0		
Million m^3						
Sales of ready-mix concrete	21.0	19.8	7.3	7.3	11.7	10.6
Statement of income, balance sheet and cash flow statement						
Million CHF						
Net sales to external customers	9,788	10,314	4,527	5,362	4,093	3,920
Net sales to other segments	255	87		3	77	90
Total net sales	10,043	10,401	4,527	5,365	4,170	4,010
Operating EBITDA[1]	2,003	2,399	486	999	1,194	1,256
Operating EBITDA margin in %	19.9	23.1	10.7	18.6	28.6	31.3
Depreciation, amortization and impairment of operating assets	(707)	(686)	(481)	(376)	(228)	(255)
Operating profit	1,296	1,713	5	623	966	1,001
Operating profit margin in %	12.9	16.5	0.1	11.6	23.2	25.0
Depreciation, amortization and impairment of non-operating assets	(2)	(2)	(1)	(3)	(3)	(1)
Other (expenses) income	(127)	(114)	(64)	(58)	(140)	(170)
Share of profit of associates	36	29			1	1
Other financial income	93	12	3	3	6	6
EBITDA	2,007	2,328	426	947	1,064	1,094
Investments in associates	221	164			2	3
Net operating assets	10,042	10,899	6,045	6,842	3,728	4,485
Total assets	15,302	15,930	9,187	9,791	5,257	6,004
Total liabilities	8,364	9,722	6,552	7,054	3,252	3,491
Cash flow from operating activities	1,264	1,661	166	653	523	550
Cash flow margin in %	12.6	16.0	3.7	12.2	12.5	13.7
Acquisition cost segment assets[2]	1,646	1,221	1,153	1,544	685	420
Cash flow used in investing activities[3]	(1,813)	(1,253)	(1,213)	(1,927)	(708)	(402)
Impairment loss	(60)	(20)	(147)			(14)
Personnel						
Number of personnel	23,557	22,905	9,825	11,190	13,548	13,409

[1] Operating profit before depreciation, amortization and impairment of operating assets.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Africa Middle East		Asia Pacific		Corporate/Eliminations		Total Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	11.1	13.9	82.7	78.7			194.4	197.8
	9.7	14.5	65.6	64.9	(7.2)	(7.1)	143.4	149.6
		0.2	0.6	0.6			4.8	5.5
	2.7	5.7	4.7	4.0			167.7	187.9
	0.1						13.5	14.8
	1.2	1.7	7.3	5.8			48.5	45.2
	1,336	1,761	5,413	5,695			25,157	27,052
	18	70	696	597	(1,046)	(847)		
	1,354	1,831	6,109	6,292	(1,046)	(847)	25,157	27,052
	368	653	1,495	1,844	(213)	(221)	5,333	6,930
	27.2	35.7	24.5	29.3			21.2	25.6
	(65)	(76)	(474)	(503)	(18)	(10)	(1,973)	(1,906)
	303	577	1,021	1,341	(231)	(231)	3,360	5,024
	22.4	31.5	16.7	21.3			13.4	18.6
			(6)	(3)		(4)	(12)	(13)
	(28)	(32)	(6)	61	384	1,555	19	1,242
	1	1	7	7	184	221	229	259
	1	2	15	3	(3)	(2)	115	24
	342	624	1,517	1,918	352	1,557	5,708	8,468
	2	2	41	61	1,075	579	1,341	809
	861	1,170	7,254	9,012	375	155	28,305	32,563
	1,878	2,265	11,219	13,008	2,350	1,213	45,193	48,211
	1,294	1,433	3,444	3,865	4,313	701	27,219	26,266
	147	542	1,079	1,491	524	426	3,703	5,323
	10.9	29.6	17.7	23.7			14.7	19.7
	241	424	1,129	1,673	72	14	4,926	5,296
	(322)	(475)	(1,140)	(493)	(279)	(1,015)	(5,475)	(5,565)
			(7)	(1)	(2)		(216)	(35)
	2,477	2,795	36,196	38,133	1,110	932	86,713	89,364

4 Segment information by product

	Cement[1]	
	2008	2007
Statement of income, balance sheet and cash flow statement		
Million CHF		
Net sales to external customers	14,883	15,882
Net sales to other segments	1,365	1,341
Total net sales	16,248	17,223
Operating EBITDA	4,442	5,616
Operating EBITDA margin in %	27.3	32.6
Operating profit	3,120	4,385
Net operating assets	18,450	21,650
Acquisition cost segment assets[2]	3,920	4,247
Cash flow used in investing activities[3]	(4,136)	(4,252)
Personnel		
Number of personnel	56,282	57,671

[1] Cement, clinker and other cementitious materials.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Aggregates		Other construction materials and services		Corporate/Eliminations		Total Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	1,702	2,208	8,572	8,962			25,157	27,052
	816	982	847	573	(3,028)	(2,896)		
	2,518	3,190	9,419	9,535	(3,028)	(2,896)	25,157	27,052
	490	649	401	665			5,333	6,930
	19.5	20.3	4.3	7.0			21.2	25.6
	165	304	75	335			3,360	5,024
	5,714	6,415	4,141	4,498			28,305	32,563
	409	529	587	503	10	17	4,926	5,296
	(587)	(529)	(715)	(668)	(37)	(116)	(5,475)	(5,565)
	6,369	7,000	23,692	24,567	370	126	86,713	89,364

5 Change in consolidated net sales

Million CHF	2008	2007
Volume and price	1,157	1,933
Change in structure	(303)	759
Currency translation effects	(2,749)	391
Total	**(1,895)**	**3,083**

6 Production cost of goods sold

Million CHF	2008	2007
Material expenses	(4,170)	(4,448)
Fuel expenses	(1,508)	(1,339)
Electricity expenses	(1,254)	(1,312)
Personnel expenses	(2,055)	(2,055)
Depreciation, amortization and impairment	(1,581)	(1,480)
Other production expenses	(3,548)	(3,393)
Change in inventory	0	(46)
Total	**(14,116)**	**(14,073)**

7 Distribution and selling expenses

Million CHF	2008	2007
Distribution expenses	(5,103)	(5,347)
Selling expenses	(818)	(803)
Total	**(5,921)**	**(6,150)**

8 Summary of depreciation, amortization and impairment

Million CHF	2008	2007
Production facilities	(1,581)	(1,480)
Distribution and sales facilities	(253)	(305)
Administration facilities	(139)	(121)
Total depreciation, amortization and impairment of operating assets (A)	**(1,973)**	**(1,906)**
Impairment of investments in associates	(5)	(1)
Ordinary depreciation of non-operating assets	(4)	(5)
Unusual write-offs	(3)	(7)
Total depreciation, amortization and impairment of non-operating assets (B)	**(12)**	**(13)**
Total depreciation, amortization and impairment (A+B)	**(1,985)**	**(1,919)**
Of which depreciation of property, plant and equipment	(1,631)	(1,745)

9 Change in consolidated operating EBITDA

Million CHF	2008	2007
Volume, price and cost	(703)	660
Change in structure	(301)	110
Currency translation effects	(593)	74
Total	**(1,597)**	**844**

10 Other income

Million CHF	2008	2007
Dividends earned	10	6
Other ordinary income net	21	1,249
Depreciation, amortization and impairment of non-operating assets	(12)	(13)
Total	**19**	**1,242**

In 2007, the position other ordinary income net mainly includes the gain on the sale of Group Holcim South Africa and gains on the disposal of property, plant and equipment.

11 Financial income

Million CHF	2008	2007
Interest earned on cash and marketable securities	156	203
Other financial income	115	24
Total	**271**	**227**

The position other financial income relates primarily to income from loans and receivables.

12 Financial expenses

Million CHF	2008	2007
Interest expenses	(877)	(902)
Fair value changes on financial instruments	(1)	(21)
Amortized discounts on bonds and private placements	(3)	4
Other financial expenses	(152)	(105)
Foreign exchange loss net	(82)	(31)
Financial expenses capitalized	125	49
Total	**(990)**	**(1,006)**
Of which to associates	0	(2)

The average rate of interest of financial liabilities at December 31, 2008 was 3.8 percent (2007: 5.1).

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

In 2007, the position fair value changes on financial instruments includes a charge of CHF 21 million on the USD convertible bonds. The revised IFRS, effective January 1, 2005, require in connection with convertible bonds in foreign currencies that changes in the fair value of the conversion option rights are charged to the income statement.

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

Interest rate sensitivity

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial liabilities at variable interest rates on a post hedge basis.

The Group's sensitivity analysis has been determined based on the interest rate exposure as at December 31. A 1 percent change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a ±1 percent shift in interest rates, with all other assumptions held constant, would result in approximately CHF 92 million (2007: 69) of annual additional/lower financial expenses before tax on a post hedge basis. The Group's sensitivity to interest rates is higher than last year mainly due to the fact that the ratio of financial liabilities at variable rates to total financial liabilities has increased from 58 percent to 69 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Foreign currency sensitivity

Transaction exposure arises on monetary financial assets and liabilities that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure as at December 31. A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

At December 31, a ±5 percent shift in the USD against the currencies the Group operates in would result in approximately CHF 10 million (2007: 32) of annual additional/lower foreign exchange losses net before tax on a post hedge basis in the income statement. The Group's sensitivity to foreign currency is lower than last year mainly due to higher financial liabilities in local currency.

A ±5 percent change in the CHF, EUR and GBP against the respective currencies would only have an immaterial impact on foreign exchange losses before tax on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

13 Income taxes

Million CHF	2008	2007
Current taxes	(883)	(1,255)
Deferred taxes	220	54
Total	**(663)**	**(1,201)**

Deferred tax by type

Million CHF	2008	2007
Property, plant and equipment	92	94
Intangible and other assets	(13)	(2)
Provisions	42	(11)
Tax losses carryforward	46	(57)
Other	53	30
Total	**220**	**54**

Reconciliation of tax rate

	2008	2007
Group's expected tax rate	**27%**	**28%**
Effect of non-deductible or non-taxable items and income taxed at different tax rates	(4%)	(7%)
Net change of unrecognized tax loss carryforwards	(1%)	1%
Prior year and other items	1%	(1%)
Group's effective tax rate	**23%**	**21%**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of the Group companies.

The reduction in 2008 is based in particular on lower statutory tax rates in certain countries and a change of the relative weight of the profit at the Group companies.

The Group's effective tax rate in 2007 is substantially impacted by tax free capital gains from divestments to third parties.

14 Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 24 million (2007: 27) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

15 Earnings per share

	2008	2007
Basic earnings per share in CHF	**6.82**	**14.86**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	1,782	3,865
Weighted average number of shares outstanding	261,391,511	260,128,448
Fully diluted earnings per share in CHF	**6.81**	**14.73**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	1,782	3,865
Elimination of financial expenses on convertible debt (in million CHF)	0	5
Net income used to determine diluted earnings per share (in million CHF)	1,782	3,870
Weighted average number of shares outstanding	261,391,511	260,128,448
Adjustment for assumed conversion of convertible debt	0	2,373,244
Adjustment for assumed exercise of share options	113,645	215,777
Weighted average number of shares for diluted earnings per share	261,505,156	262,717,469

In conformity with the decision taken at the annual general meeting on May 7, 2008, a dividend related to 2007 of CHF 3.30 per registered share has been paid on May 13, 2008. This resulted in a total ordinary dividend payment of CHF 868 million.

16 Cash and cash equivalents

Million CHF	2008	2007
Cash at banks and in hand	659	832
Short-term deposits	2,946	2,513
Total	**3,605**	**3,345**
Cash and cash equivalents classified as assets held for sale (note 19)	6	0
Cash and cash equivalents for the purpose of the consolidated cash flow statement	**3,611**	**3,345**

Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments.

17 Accounts receivable

Million CHF		2008		2007
Accounts receivable – trade	2,624		3,050	
./. Allowances for doubtful accounts	(179)	2,445	(171)	2,879
Accounts receivable – associates		182		118
Other receivables		471		1,071
Derivative assets		18		5
Total		**3,116**		**4,073**
Of which pledged/restricted		137		128
Of which overdue				
Within 90 days		455		922
90 to 180 days		112		121
Thereafter		106		122
Total overdue		**673**		**1,165**

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

Allowance for doubtful accounts

Million CHF	2008	2007
January 1	**(171)**	**(178)**
Change in structure	(3)	6
Allowance recognized	(63)	(36)
Amounts used during the year	5	3
Unused amounts reversed during the year	21	15
Currency translation effects	32	19
December 31	**(179)**	**(171)**

18 Inventories

Million CHF	2008	2007
Raw materials and additives	312	332
Semifinished and finished products	1,109	1,155
Fuels	461	348
Parts and supplies	544	631
Unbilled services	56	69
Total	**2,482**	**2,535**

In 2008, the Group recognized inventory write-downs to net realizable value of CHF 9 million (2007: 1). The carrying amount of inventories carried at net realizable value was CHF 59 million (2007: 60).

19 Assets and related liabilities classified as held for sale

The major classes of assets and liabilities classified as held for sale are as follows:

Million CHF	2008	2007
Cash and cash equivalents	6	0
Other current assets	19	0
Property, plant and equipment	95	44[1]
Investments in associates	237	0
Other assets	44	0
Assets classified as held for sale	**401**	**44**
Short-term liabilities	22	0
Long-term provisions	3	0
Other long-term liabilities	27	0
Liabilities directly associated with assets classified as held for sale	**52**	**0**
Net assets classified as held for sale	**349**	**44**

[1] Reclassified from prepaid expenses and other current assets.

Investments in associates consist primarily of Holcim Venezuela amounting to CHF 220 million. The remaining assets and liabilities classified as held for sale consist of individually immaterial assets and disposal groups.

In April 2008, the Venezuelan government announced that it would nationalize at least 60 percent of the share capital of the three foreign cement producers operating in the country. On June 18, the respective decree was published. Holcim and the government have engaged in consultations regarding the compensation Holcim is due under the applicable Bilateral Investment Treaties. On August 18, 2008, as result of these consultations, a Memorandum of Understanding was signed between the government and Holcim, which provides for the negotiation of a final sales agreement by which 85 percent of **Holcim Venezuela**'s shares would be transferred to the government and Holcim would keep a stake of 15 percent. The Memorandum of Understanding also reflects an agreement in principle regarding the compensation to be paid, subject to due diligence. Although the Venezuelan government has in the meantime taken control of Holcim Venezuela, no compensation has yet been paid. While Holcim still hopes for an amicable resolution of its claim for compensation, it is also considering its legal options under the applicable Bilateral Investment Treaties.

Holcim Venezuela was deconsolidated as of December 31, 2008 and recognized as an associate. In accordance with IFRS 5, the investment was classified as held for sale.

In 2008, Holcim Venezuela reported net sales of CHF 280 million (2007: 245), accounting for approximately 1 percent (2007: 1) of Group net sales.

20 Long-term financial assets

Million CHF	2008	2007
Financial investments – third parties	182	132
Long-term receivables – associates	124	134
Long-term receivables – third parties	327	358
Derivative assets	82	15
Total	**715**	**639**
Of which pledged/restricted	6	0

The fair value of long-term receivables and derivative assets amounted to CHF 474 million (2007: 470).

Long-term receivables and derivative assets are primarily denominated in USD, EUR, CHF and the repayment dates vary between one and 31 years.

21 Investments in associates

Million CHF	2008	2007
January 1	**809**	**727**
Share of profit of associates	229	259
Dividends earned	(196)	(228)
Acquisitions net	402	62
Reclassifications net	203	0
Currency translation effects	(106)	(11)
December 31	**1,341**	**809**

In 2008, the item "Acquisitions net" includes the subscription to the private placement of shares amounting to USD 282 million (CHF 305) in its associated company Huaxin Cement Co. Ltd. which resulted in an increase in its participation from 26.1 percent to 39.9 percent.

In 2008, the item "Reclassification net" mainly includes an increase of CHF 223 million relating to the deconsolidation of Egyptian Cement Company when the joint venture agreement between OCI and Holcim became void and Holcim applied equity accounting to its investment (note 1).

Sales to and purchases from associates amounted to CHF 202 million (2007: 137) and CHF 18 million (2007: 32) respectively.

The following amounts represent the Group's share of assets, liabilities, net sales and net income of associates:

Aggregated financial information – associates

Million CHF	2008	2007
Total assets	2,685	1,906
Total liabilities	(1,403)	(1,097)
Net assets	**1,282**	**809**
Net sales	1,528	1,201
Net income	207	70

Net income and net assets also reflect the unrecognized share of losses of associates.

22 Derivative assets

Included in financial assets (note 20) are derivative assets with maturities exceeding one year; derivative assets with maturities of one year or less are included in accounts receivable (note 17).

Derivative assets

Million CHF	Fair value 2008	Nominal amount 2008	Fair value 2007	Nominal amount 2007
Fair value hedges				
Interest rate	77	1,409	15	666
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total fair value hedges	**77**	**1,409**	**15**	**666**
Cash flow hedges				
Interest rate	0	0	0	26
Currency	17	93	1	163
Cross-currency	0	0	0	0
Total cash flow hedges	**17**	**93**	**1**	**189**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	6	54	0	0
Total net investment hedges	**6**	**54**	**0**	**0**
Held for trading				
Interest rate	0	0	0	0
Currency	0	0	4	334
Cross-currency	0	0	0	0
Total held for trading	**0**	**0**	**4**	**334**
Grand total	**100**	**1,556**	**20**	**1,189**

Million CHF	Fair value 2008	Fair value 2007
Derivative assets related to fair value hedges have the following maturities:		
Within 1 year	1	0
Within 2 years	5	0
Within 3 years	18	0
Within 4 years	0	10
Within 5 years	16	2
Thereafter	37	3
Total	**77**	**15**
Derivative assets related to cash flow hedges have the following maturities:		
Within 1 year	17	1
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**17**	**1**
Derivative assets related to net investment hedges have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	6	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**6**	**0**
Held for trading derivative assets have the following maturities:		
Within 1 year	0	4
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**4**
Grand total	**100**	**20**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash inflows of the derivatives.

23 Property, plant and equipment

Million CHF	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
2008						
Net book value as at January 1	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
Change in structure	233	(130)	(257)	63	(39)	(130)
Additions	82	90	206	113	4,027	4,518
Disposals	(43)	(22)	(19)	(25)	(2)	(111)
Transferred from construction in progress	130	421	942	294	(1,787)	0
Depreciation	(140)	(292)	(885)	(314)	0	(1,631)
Impairment loss (charged to income statement)	(22)	(50)	(131)	(9)	(3)	(215)
Currency translation effects	(946)	(789)	(1,532)	(261)	(652)	(4,180)
Net book value as at December 31	**4,684**	**4,303**	**8,169**	**1,419**	**4,687**	**23,262**
At cost of acquisition	5,508	7,934	16,982	3,297	4,687	38,408
Accumulated depreciation/impairment	(824)	(3,631)	(8,813)	(1,878)	0	(15,146)
Net book value as at December 31	**4,684**	**4,303**	**8,169**	**1,419**	**4,687**	**23,262**
Net asset value of leased property, plant and equipment						181
Of which pledged/restricted						275
2007						
Net book value as at January 1	**5,919**	**4,342**	**9,975**	**1,444**	**2,151**	**23,831**
Change in structure	(121)	69	166	22	40	176
Additions	48	148	298	89	3,047	3,630
Disposals	(116)	(46)	(34)	(32)	(9)	(237)
Transferred from construction in progress	40	930	662	381	(2,013)	0
Depreciation	(150)	(308)	(966)	(321)	0	(1,745)
Impairment loss (charged to income statement)	(1)	(5)	(12)	(3)	(6)	(27)
Currency translation effects	(229)	(55)	(244)	(22)	(67)	(617)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
At cost of acquisition	6,226	9,036	19,550	3,582	3,143	41,537
Accumulated depreciation/impairment	(836)	(3,961)	(9,705)	(2,024)	0	(16,526)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
Net asset value of leased property, plant and equipment						196
Of which pledged/restricted						2,030

The net book value of CHF 23,262 million (2007: 25,011) represents 60.6 percent (2007: 60.2) of the original cost of all assets. At December 31, 2008, the fire insurance value of property, plant and equipment amounted to CHF 34,207 million (2007: 33,670). Net gains on sale of property, plant and equipment amounted to CHF 16 million (2007: 105).

In 2008, the impairment loss relates primarily to the closing down of plants in Spain and the US and is included in production cost of goods sold in the income statement.

Included in land, buildings and installations is investment property with a net book value of CHF 48 million (2007: 92). The fair value of this investment property amounted to CHF 71 million (2007: 117). Rental income related to investment property amounted to CHF 3 million (2007: 2).

24 Intangible and other assets

Million CHF	Goodwill	Other intangible assets	Total
2008			
Net book value as at January 1	**9,775**	**1,011**	**10,786**
Change in structure	116	68	184
Additions	215	193	408
Disposals	0	(1)	(1)
Amortization	0	(130)	(130)
Impairment loss (charged to income statement)	0	(1)	(1)
Currency translation effects	(1,728)	(212)	(1,940)
Net book value as at December 31	**8,378**	**928**	**9,306**
At cost of acquisition	8,386	1,665	10,051
Accumulated amortization/impairment	(8)	(737)	(745)
Net book value as at December 31	**8,378**	**928**	**9,306**
Other assets net			**307**
Total			**9,613**
2007			
Net book value as at January 1	**8,140**	**1,045**	**9,185**
Change in structure	205	25	230
Additions	1,602	64	1,666
Disposals	(2)	(12)	(14)
Amortization	0	(131)	(131)
Impairment loss (charged to income statement)	(8)	0	(8)
Currency translation effects	(162)	20	(142)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
At cost of acquisition	9,783	1,617	11,400
Accumulated amortization/impairment	(8)	(606)	(614)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
Other assets net			**290**
Total			**11,076**

The other intangible assets included above have finite useful lives, over which the assets are amortized.

The amortization expense relating to intangible assets with finite useful lives is recognized in the respective line of the income statement.

Included in the additions "Goodwill" for 2007 is the goodwill resulting from the minority buyouts in both India and Canada.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The Group's cash generating units are defined on the basis of geographical market, normally country-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC) adjusted for country-specific inflation risks.

The cash flow projections are based on a four-year financial planning period approved by management. Cash flows beyond the four-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the four-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates.

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2008

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2008			
India	1,677	INR	13.1%	7.7%
North America	1,898	USD/CAD	8.1%	2.7%
United Kingdom	881	GBP	8.8%	2.5%
Central Europe	473	CHF/EUR	8.0%	1.7%
Mexico	419	MXN	10.8%	3.7%
Others[1]	3,030	Various	8.04%–16.9%	1.5%–8.0%
Total	**8,378**			

Key assumptions used for value-in-use calculations in respect of goodwill 2007

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2007			
India	2,199	INR	12.9%	6.9%
North America	2,127	USD/CAD	8.3%	3.0%
United Kingdom	1,287	GBP	9.0%	2.3%
Central Europe	463	CHF/EUR	7.8%	1.6%
Mexico	540	MXN	11.0%	3.9%
Others[1]	3,159	Various	7.8%–16.5%	1.5%–8.6%
Total	**9,775**			

[1] Individually not significant.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that a reasonably possible change in the pre-tax discount rate of 1 percentage point would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount.

25 Joint ventures

The following amounts represent the effect of proportionate consolidated assets, liabilities and sales and results of significant joint ventures disclosed on pages 178 and 179.

The amounts are included in the consolidated balance sheet and statement of income.

Balance sheet

Million CHF	2008	2007
Current assets	334	372
Long-term assets	1,098	1,606
Total assets	**1,432**	**1,978**
Short-term liabilities	250	464
Long-term liabilities	662	727
Total liabilities	**912**	**1,191**
Net assets	**520**	**787**

Statement of income

Million CHF	2008	2007
Net sales	**899**	**1,217**
Operating profit	**156**	**335**
Net income from joint ventures	**106**	**275**

Sales to and purchases from significant joint ventures amounted to CHF 144 million (2007: 75) and CHF 106 million (2007: 182) respectively.

26 Trade accounts payable

Million CHF	2008	2007
Trade accounts payable – associates	10	17
Trade accounts payable – third parties	2,431	2,690
Advance payments from customers	125	217
Total	**2,566**	**2,924**

Trade accounts payable are due within one year and the future contractual cash outflows approximate to their carrying amount.

The fair values of accounts payable are not materially different from their carrying amounts.

27 Current financial liabilities

Million CHF	2008	2007
Current financial liabilities – associates	3	14
Current financial liabilities – third parties	3,917	2,936
Current portion of long-term financial liabilities	1,939	660
Derivative liabilities	4	6
Total	**5,863**	**3,616**

The fair values of current financial liabilities are not materially different from their carrying amounts.

28 Long-term financial liabilities

Million CHF	2008	2007
Long-term financial liabilities – associates	11	1
Long-term financial liabilities – third parties	12,684	12,605
Derivative liabilities	94	23
Total	**12,789**	**12,629**
Of which secured	189	352

Details of total financial liabilities

Million CHF	2008	2007
Loans from financial institutions	10,328	8,091
Outstanding bonds and private placements	8,072	7,936
Total loans and bonds	**18,400**	**16,027**
Obligations under finance leases (note 28)	154	189
Derivative liabilities (note 29)	98	29
Total	**18,652**	**16,245**
Current financial liabilities (note 27)	5,863	3,616
Long-term financial liabilities	12,789	12,629

Loans from financial institutions include amounts due to banks and other financial institutions. Interest rates on these amounts, which are primarily denominated in CHF, USD and EUR, average approximately 3.5 percent[1] (2007: 5.2[1]). Repayment dates vary between one and 16 years. CHF 4,563 million (2007: 3,221) are due within one year.

Unutilized credit lines totaled CHF 3,985 million (2007: 8,194) at year-end 2008, of which CHF 2,027 million (2007: 5,471) are committed.

The fair values of long-term financial liabilities amount to CHF 13,411 million (2007: 12,923).

Total financial liabilities by currency

Currency	2008			2007		
	Million CHF	In %	Interest rate[2]	Million CHF	In %	Interest rate[2]
CHF	5,350	28.7	1.9	2,554	15.7	3.1
EUR	4,404	23.6	4.3	3,965	24.4	4.6
GBP	695	3.7	6.1	977	6.0	6.9
USD	5,440	29.2	3.3	5,911	36.4	5.4
AUD	352	1.9	6.2	440	2.7	7.1
INR	278	1.5	5.4	215	1.3	5.0
THB	237	1.3	6.0	278	1.7	6.4
NZD	100	0.5	6.0	190	1.2	7.6
Others	1,796	9.6	8.1	1,715	10.6	6.5
Total	**18,652**	**100.0**	**3.8**	**16,245**	**100.0**	**5.1**

Interest rate structure of total financial liabilities

Million CHF	2008	2007
Financial liabilities at fixed rates	5,809	6,769
Financial liabilities at variable rates	12,843	9,476
Total	**18,652**	**16,245**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

[1] On loans of financial institutions only.
[2] Weighted average nominal interest rate on financial liabilities at December 31.

Contractual maturity analysis

2008	Carrying amount		Contractual principle cash flows	Contractual interest cash flows
		Loans from financial institutions	Bonds and private placements	
Million CHF				
Within 1 year	5,821	4,636	1,127	644
Within 2 years	1,955	755	1,195	414
Within 3 years	1,311	623	669	327
Within 4 years	1,170	614	564	308
Within 5 years	4,391	3,023	1,422	219
Thereafter	3,752	682	3,029	492
Total	**18,400**	**10,333**	**8,006**	**2,404**

Contractual maturity analysis

2007	Carrying amount		Contractual principle cash flows	Contractual interest cash flows
		Loans from financial institutions	Bonds and private placements	
Million CHF				
Within 1 year	3,563	3,178	396	814
Within 2 years	2,649	1,293	1,357	649
Within 3 years	1,650	325	1,343	498
Within 4 years	1,177	511	703	410
Within 5 years	2,775	2,140	581	346
Thereafter	4,213	656	3,538	752
Total	**16,027**	**8,103**	**7,918**	**3,469**

The contractual maturity analysis considers the Group's financial liabilities excluding financial leases (note 28), derivative liabilities (note 29) and trade accounts payable (note 26).

Maturity information for the carrying amounts is based on the remaining contractual maturities and does not consider any option of early repayment. The contractual cash flows are based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Future minimum lease payments

	Operating leases	Finance leases	Operating leases	Finance leases
Million CHF	2008	2008	2007	2007
Within 1 year	138	42	161	51
Within 2 years	116	30	133	40
Within 3 years	91	29	110	32
Within 4 years	73	23	96	29
Within 5 years	59	10	80	22
Thereafter	378	84	471	103
Total	**855**	**218**	**1,051**	**277**
Interest		(64)		(88)
Total finance leases		**154**		**189**

Total expenses for operating leases recognized in the consolidated statement of income in 2008 was CHF 169 million (2007: 184). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities (note 27), liabilities due thereafter are included in long-term financial liabilities (note 28).

Outstanding bonds and private placements as at December 31

Nominal value	Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF					2008	2007
Holcim Ltd						
CHF 500	4.00%	4.33%	1998–2009	Bonds with fixed interest rate	499	497
CHF 500	2.50%	2.69%	2005–2012	Bonds with fixed interest rate	497	496
CHF 250	3.00%	3.19%	2006–2015	Bonds with fixed interest rate	247	247
CHF 400	3.13%	0.93%	2007–2017	Bonds swapped into floating interest rates at inception	422	390
Holcim Capital Corporation Ltd.						
USD 32	6.60%		2001–2008	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	0	36
USD 136	6.60%		2001–2008	Private placement guaranteed by Holcim Ltd	0	153
USD 150	7.05%	4.40%	2001–2011	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	176	179
USD 208	7.05%	7.08%	2001–2011	Private placement guaranteed by Holcim Ltd	220	234
USD 50	7.65%	7.65%	2001–2031	Private placement guaranteed by Holcim Ltd	53	56
USD 105	5.93%	5.95%	2002–2009	Private placement guaranteed by Holcim Ltd	111	118
USD 65	6.59%	6.60%	2002–2014	Private placement guaranteed by Holcim Ltd	69	73
USD 100	6.59%	6.59%	2002–2014	Private placement guaranteed by Holcim Ltd	106	113
Holcim Overseas Finance Ltd.						
CHF 300	2.75%	2.79%	2006–2011	Bonds guaranteed by Holcim Ltd	300	300
CHF 250	3.00%	0.93%	2007–2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	266	252
Holcim Finance (Canada) Inc.						
CAD 10	6.91%	6.92%	2002–2017	Private placement guaranteed by Holcim Ltd	9	12
CAD 300	5.90%	6.10%	2007–2013	Bonds guaranteed by Holcim Ltd	259	344
Holcim Finance (Luxembourg) S.A.						
EUR 450	4.38%	4.48%	2003–2010	Bonds guaranteed by Holcim Ltd	670	744
EUR 300	4.38%	4.08%	2003–2010	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	452	484
EUR 600	4.38%	4.45%	2004–2014	Bonds guaranteed by Holcim Ltd	891	990
Holcim Finance (Australia) Pty Ltd						
AUD 175	6.50%	6.79%	2006–2009	Bonds guaranteed by Holcim Ltd	128	173
AUD 85	7.48%	5.36%	2006–2009	Bonds guaranteed by Holcim Ltd, floating interest rates	62	84
Holcim Capital (Thailand) Ltd.						
THB 3,000	6.12%		2005–2008	Bonds guaranteed by Holcim Ltd	0	100
THB 2,150	6.48%	6.59%	2005–2010	Bonds guaranteed by Holcim Ltd	65	71
THB 2,450	6.69%	6.78%	2005–2012	Bonds guaranteed by Holcim Ltd	74	81
Subtotal					**5,576**	**6,227**

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF						2008	2007
Subtotal						**5,576**	**6,227**
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006–2018	Private placement guaranteed by Holcim Ltd	211	225
USD	125	6.10%	6.14%	2006–2016	Private placement guaranteed by Holcim Ltd	132	140
USD	125	5.96%	6.01%	2006–2013	Private placement guaranteed by Holcim Ltd	132	140
EUR	90	5.12%	2.82%	2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	140	0
EUR	358	5.65%	2.84%	2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	532	0
EUR	202	5.80%	2.95%	2008–2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	300	0
Aggregate Industries Holdings Limited							
GBP	200	6.25%	5.57%	2000–2009	Bonds, partly swapped into floating rates	310	457
GBP	163	7.25%	5.23%	2001–2016	Bonds, partly swapped into floating rates	285	409
Holcim (US) Inc.							
USD	27	0.80%	0.80%	1984–2009	Industrial revenue bonds – Midlothian	28	30
USD	5	1.50%	1.50%	1996–2031	Industrial revenue bonds – Devil's Slide	5	6
USD	22	1.46%	1.46%	1997–2027	Industrial revenue bonds – South Louisiana Port	23	25
USD	95	6.80%		1998–2008	Private placement	0	107
USD	1	0.85%	0.85%	1999–2009	Industrial revenue bonds – Mobile	1	1
USD	15	0.95%	0.95%	1999–2031	Industrial revenue bonds – Midlothian	16	17
USD	67	1.00%	1.00%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf	71	75
USD	25	1.40%	1.40%	2003–2033	Industrial revenue bonds – Holly Hill	27	28
USD	18	1.28%	1.28%	2000–2020	Industrial revenue bonds – Canada	19	0
St. Lawrence Cement Inc.							
USD	18	3.38%		2000–2020	Industrial revenue bonds – Canada	0	20
Holcim (Maroc) S.A.							
MAD	1,500	5.49%	5.01%	2008–2015	Bonds with fixed interest rate	198	0
ACC Limited							
INR	2,000	11.30%	11.30%	2008–2013	Non-convertible debentures with fixed interest rate	44	0
Ambuja Cements Ltd.							
INR	1,000	6.85%	6.85%	2005–2010	Non-convertible debentures with fixed interest rate	22	29
Total						**8,072**	**7,936**

29 Derivative liabilities

Included in long-term financial liabilities (note 28) are derivative liabilities with maturities exceeding one year; derivative liabilities with maturities of one year or less are included in current financial liabilities (note 27).

Derivative liabilities

Million CHF	Fair value 2008	Nominal amount 2008	Fair value 2007	Nominal amount 2007
Fair value hedges				
Interest rate	0	0	16	1,010
Currency	0	0	0	0
Cross-currency	6	169	5	105
Total fair value hedges	**6**	**169**	**21**	**1,115**
Cash flow hedges				
Interest rate	7	80	1	15
Currency	4	21	1	92
Cross-currency	80	931	0	0
Total cash flow hedges	**91**	**1,032**	**2**	**107**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	1	40	6	86
Total net investment hedges	**1**	**40**	**6**	**86**
Held for trading				
Interest rate	0	0	0	0
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total held for trading	**0**	**0**	**0**	**0**
Grand total	**98**	**1,241**	**29**	**1,308**

Million CHF	Fair value 2008	Fair value 2007
Derivative liabilities related to fair value hedges have the following maturities:		
Within 1 year	0	1
Within 2 years	0	0
Within 3 years	1	13
Within 4 years	0	4
Within 5 years	5	0
Thereafter	0	3
Total	**6**	**21**
Derivative liabilities related to cash flow hedges have the following maturities:		
Within 1 year	4	1
Within 2 years	1	0
Within 3 years	2	0
Within 4 years	3	0
Within 5 years	49	0
Thereafter	32	1
Total	**91**	**2**
Derivative liabilities related to net investment hedges have the following maturities:		
Within 1 year	0	4
Within 2 years	1	0
Within 3 years	0	2
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**1**	**6**
Held for trading derivative liabilities have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**0**
Grand total	**98**	**29**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash outflows of the derivatives.

30 Deferred taxes

Deferred tax by type of temporary difference	2008	2007
Million CHF		
Deferred tax assets		
Property, plant and equipment	104	52
Intangible and other assets	78	90
Provisions	176	194
Tax losses carryforward	286	270
Other	304	318
Total	**948**	**924**
Deferred tax liabilities		
Property, plant and equipment	2,512	3,054
Intangible and other assets	245	327
Provisions	34	44
Other	46	95
Total	**2,837**	**3,520**
Deferred tax liabilities net	**1,889**	**2,596**
Reflected in the balance sheet as follows:		
Deferred tax assets	(268)	(304)
Deferred tax liabilities	2,157	2,900
Deferred tax liabilities net	**1,889**	**2,596**

Temporary differences for which no deferred tax is recognized

Million CHF	2008	2007
On unremitted earnings of subsidiary companies (taxable temporary difference)	3,362	6,246
On tax losses carryforward (deductible temporary difference)	455	538

Tax losses carryforward

	Loss carry-forwards 2008	Tax effect 2008	Loss carry-forwards 2007	Tax effect 2007
Million CHF				
Total tax losses carryforward	**1,323**	**430**	**1,396**	**416**
Of which reflected in deferred taxes	(868)	(286)	(858)	(270)
Total tax losses carryforward not recognized	**455**	**144**	**538**	**146**
Expiring as follows:				
1 year	9	3	19	2
2 years	11	3	7	2
3 years	11	3	8	3
4 years	0	0	4	1
5 years	2	1	2	1
Thereafter	422	134	498	137

31 Provisions

Million CHF	Site restoration and other environmental liabilities	Specific business risks	Other provisions	Total 2008	Total 2007
January 1	**518**	**365**	**605**	**1,488**	**1,503**
Change in structure	8	4	(33)	(21)	11
Provisions recognized	75	129	139	343	266
Provisions used during the year	(35)	(20)	(91)	(146)	(150)
Provisions reversed during the year	(13)	(26)	(27)	(66)	(140)
Currency translation effects	(75)	(71)	(77)	(223)	(2)
December 31	**478**	**381**	**516**	**1,375**	**1,488**
Of which short-term provisions	29	29	143	201	192
Of which long-term provisions	449	352	373	1,174	1,296

Site restoration and other environmental liabilities represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of this provision is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigations mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. It includes CHF 120 million related to the German antitrust investigation set up in 2002. The total provisions for litigations amounted to CHF 309 million (2007: 294) at December 31. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings. Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 72 million (2007: 71) at December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of this item is extremely manifold and comprises as at December 31, among other things: various severance payments to employees of CHF 71 million (2007: 72), provisions for sales and other taxes of CHF 70 million (2007: 73), and provisions for health insurance and pension scheme, which do not qualify as benefit obligations, of CHF 68 million (2007: 85). The expected timing of the future cash outflows is uncertain.

32 Employee benefits

Personnel expenses	2008	2007
Million CHF		
Production and distribution	3,079	3,068
Marketing and sales	458	450
Administration	960	1,040
Total	**4,497**	**4,558**

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function of the consolidated statement of income and amounted to CHF 4,497 million (2007: 4,558). As at December 31, 2008, the Group employed 86,713 people (2007: 89,364).

Defined benefit pension plans

Some Group companies provide pension plans for their employees which under IFRS are considered as defined benefit pension plans. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent's pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employee's compensation and contribution. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized actuarial losses and past service costs. The obligation resulting from the defined benefit pension plans is determined using the projected unit credit method. Unrecognized gains and losses resulting from changes in actuarial assumptions are recognized as income (expense) over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year.

Other post-employment benefits

The Group operates a number of other post-employment benefit plans. The method of accounting for these provisions is similar to the one used for defined benefit pension schemes. A number of these plans are not externally funded, but are covered by provisions in the balance sheets of the respective Group companies.

The following table reconciles the funded, partially funded and unfunded status of defined benefit plans and other post-employment benefit plans to the amounts recognized in the balance sheet.

Reconciliation of retirement benefit plans to the balance sheet

Million CHF	2008	2007
Net liability arising from defined benefit pension plans	245	311
Net liability arising from other post-employment benefit plans	79	81
Net liability	**324**	**392**
Reflected in the balance sheet as follows:		
Other assets net (note 24)	(10)	(24)
Defined benefit obligations	334	416
Net liability	**324**	**392**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2008	2007	2008	2007
Present value of funded obligations	**2,530**	**3,074**	**0**	**12**
Fair value of plan assets	(2,375)	(3,068)	0	(12)
Plan deficit of funded obligations	**155**	**6**	**0**	**0**
Present value of unfunded obligations	**201**	**218**	**95**	**100**
Unrecognized actuarial losses	(167)	(22)	(16)	(18)
Unrecognized past service costs	(15)	(6)	0	(1)
Unrecognized plan assets	71	115	0	0
Net liability from funded and unfunded plans	**245**	**311**	**79**	**81**
Amounts recognized in the income statement are as follows:				
Current service costs	102	93	2	2
Interest expense on obligations	152	161	6	6
Expected return on plan assets	(161)	(170)	0	0
Amortization of actuarial losses (gains)	33	(34)	1	1
Past service costs	2	(5)	(1)	0
Gains (losses) on curtailments and settlements	4	(2)	(2)	0
Limit of asset ceiling	(21)	52	0	0
Others	1	1	0	0
Total (included in personnel expenses)	**112**	**96**	**6**	**9**
Actual return on plan assets	**(183)**	**188**	**0**	**0**
Present value of defined benefit obligations				
Opening balance as per January 1	3,292	3,435	112	143
Current service costs	102	93	2	2
Employees' contributions	25	26	0	0
Interest cost	152	161	6	6
Actuarial (gains) losses	(173)	(176)	1	(3)
Currency translation effects	(449)	(67)	(9)	(7)
Benefits paid	(225)	(180)	(8)	(8)
Past service costs	2	(5)	(1)	0
Change in structure	5	17	(3)	(21)
Curtailments	2	(4)	(5)	0
Settlements	(2)	(8)	0	0
Closing balance as per December 31	**2,731**	**3,292**	**95**	**112**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2008	2007	2008	2007
Fair value of plan assets				
Opening balance as per January 1	3,068	2,939	12	28
Expected return on plan assets	161	170	0	0
Actuarial (losses) gains	(345)	16	0	0
Currency translation effects	(444)	(76)	0	0
Contribution by the employer	115	145	7	8
Contribution by the employees	25	26	0	0
Benefits paid	(203)	(167)	(7)	(8)
Change in structure	0	19	(12)	(16)
Settlements	(2)	(4)	0	0
Closing balance as per December 31	**2,375**	**3,068**	**0**	**12**
Plan assets consist of:				
Equity instruments of Holcim Ltd or subsidiaries	1	3	0	0
Equity instruments of third parties	745	1,315	0	0
Debt instruments of Holcim Ltd or subsidiaries	24	34	0	0
Debt instruments of third parties	958	1,161	0	12
Land and buildings occupied or used by third parties	308	362	0	0
Other	339	193	0	0
Total fair value of plan assets	**2,375**	**3,068**	**0**	**12**
Principal actuarial assumptions used at balance sheet date				
Discount rate	5.3%	5.0%	6.0%	6.2%
Expected return on plan assets	5.4%	5.6%	–	3.0%
Future salary increases	2.8%	3.0%		
Medical cost trend rate			8.2%	8.3%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Experience adjustments

	Defined benefit pension plans				Other post-employment benefit plans			
Million CHF	2008	2007	2006	2005	2008	2007	2006	2005
Present value of defined benefit obligation	2,731	3,292	3,435	3,085	95	112	143	162
Fair value of plan assets	(2,375)	(3,068)	(2,939)	(2,470)	0	(12)	(28)	(12)
Deficit	**356**	**224**	**496**	**615**	**95**	**100**	**115**	**150**
Experience adjustments:								
On plan liabilities	24	(17)	57	112	(3)	3	0	1
On plan assets	(341)	13	76	150	0	0	0	0

Change in assumed medical cost trend rate

A 1 percentage point change in the assumed medical cost trend rate would have the following effects:	Increase Million CHF 2008	Increase Million CHF 2007	Decrease Million CHF 2008	Decrease Million CHF 2007
– On the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	1	1	1	1
– On the accumulated post-employment benefit obligations for medical costs	5	5	4	4

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the balance sheet date are CHF 103 million (2007: 139).

33 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 2.4 million in 2008 (2007: 1.5).

Senior management share plans

Part of the variable, performance-related compensation of senior management is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next five years. The total expense arising from these share plans amounted to CHF 2.7 million in 2008 (2007: 6.5).

No dilution of Holcim shares occurs as all shares granted under these plans are purchased from the market.

Share option plans

Two types of share options are granted to senior management of the Holcim Group. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on pages 91 and 92).

The contractual term of the first type of option plan is eight years. The options cannot be exercised for the first three years and vest immediately as there are no vesting conditions attached to them.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price[1]	Number[1] 2008	Number[1] 2007
January 1	CHF 75.61	**537,944**	**544,462**
Granted and vested (individual component of variable compensation)	CHF 106.10	71,083	49,674
Granted and vested (single allotment)	CHF 68.91	67,100	0
Forfeited		0	0
Exercised		0	(56,192)
Lapsed		0	0
December 31	**CHF 78.15**	**676,127**	**537,944**
Of which exercisable at the end of the year		161,297	89,874

[1] Adjusted to reflect former share splits and/or capital increases.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date	Exercise price[1]	Number[1]	Number[1]
			2008	2007
2002	2014	CHF 68.91	201,300	201,300
2003	2012	CHF 35.61	48,775	48,775
2003	2015	CHF 68.91[2]	33,550	33,550
2004	2013	CHF 65.11	41,099	41,099
2004	2016	CHF 68.91[2]	33,550	33,550
2005	2014	CHF 76.30	71,423	71,423
2006	2014	CHF 102.45	58,573	58,573
2007	2015	CHF 127.10	49,674	49,674
2008	2016	CHF 106.10	71,083	–
2008	2020	CHF 68.91[2]	67,100	–
Total			**676,127**	**537,944**

In 2008, no options have been exercised.

Options exercised in 2007 resulted in 56,192 shares being issued at a weighted average exercise price of CHF 66.55. The weighted average share price related to the options exercised during the year 2007 was CHF 125.95.

The fair value of options granted for the year 2008 using the Black Scholes valuation model is CHF 5.20 (2007: 24.76). The significant inputs into the model are the share price and an exercise price at the date of grant, an expected volatility of 26 percent (2007: 25), an expected option life of six years, a dividend yield of 5 percent (2007: 1.9) and an annual risk-free interest rate of 1.2 percent (2007: 2.6). Expected volatility was determined by calculating the historical volatility of the Group's share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derive from treasury shares. The total personnel expense arising from the grant of options based on the individual component of variable compensation amounted to CHF 2 million in 2008 (2007: 1.8). In 2008, options have been allocated to two new Executive Committee members. In 2007, there was no allocation of options upon appointment of members of the Executive Committee.

Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

[1] Adjusted to reflect former share splits and/or capital increases.
[2] Valued according to the single allocation in 2002.

34 Construction contracts

Million CHF	2008	2007
Contract revenue recognized during the year	**1,691**	**1,851**
Contract costs incurred and recognized profits (less recognized losses) to date	2,550	2,695
Progress billings to date	(2,578)	(2,727)
Due to contract customers at balance sheet date	**(28)**	**(32)**
Of which:		
Due from customers for contract work	37	106
Due to customers for contract work	(65)	(138)

35 Details of shares

Number of registered shares

December 31	2008	2007
Total outstanding shares	**258,454,029**	**262,917,241**
Treasury shares		
Shares reserved for convertible bonds	4,441,733	0
Shares reserved for call options	676,127	537,944
Unreserved treasury shares	14,201	130,905
Total treasury shares	**5,132,061**	**668,849**
Total issued shares	**263,586,090**	**263,586,090**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**265,008,440**	**265,008,440**

The par value per share is CHF 2. The share capital amounts to nominal CHF 527 million (2007: 527) and the acquisition price of treasury shares amounts to CHF 401 million (2007: 67).

During the year 2007, USD convertible bonds (0%, 2002–2017) with a nominal value of USD 130 million and CHF convertible bonds (1%, 2002–2012) with a nominal value of CHF 600 million were converted into 8,237,465 newly issued, fully paid-in registered shares of Holcim Ltd with a par value per share of CHF 2 (through the use of conditional share capital). As a result, the share capital increased by CHF 16,474,930 to CHF 527,172,180. The related increase in capital surplus amounted to CHF 792 million.

As most of both USD convertible bonds and CHF convertible bonds have been converted, Holcim exercised its right to redeem the remaining outstanding bonds.

36 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. There are no single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

At December 31, 2008, the Group's contingencies amounted to CHF 347 million (2007: 239). It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

Guarantees

At December 31, 2008, guarantees issued to third parties in the ordinary course of business amounted to CHF 330 million (2007: 276).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice that the Group makes offers or receives call or put options in connection with such acquisitions and divestitures.

At December 31, 2008, the Group's commitments amounted to CHF 1,752 million (2007: 2,036), of which CHF 666 million (2007: 750) relate to the purchase of property, plant and equipment.

In 2008, Holcim has agreed, subject to certain conditions, to participate at market rates in a financing of AfriSam, in which it holds a 15 percent interest. As a result, Holcim's maximum exposure amounts to ZAR 2.7 billion (CHF 310 million), which is also included in commitments.

In 2007, Holcim has agreed, subject to certain conditions that were still outstanding at year-end 2007, to subscribe to a private placement issued by its associated company Huaxin Cement Co. Ltd. amounting to USD 282 million (note 21).

37 Monetary net current assets by currency

	Cash and marketable securities	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities	Total 2008	Total 2007
Million CHF							
EUR	1,009	1,040	727	1,526	516	(720)	(437)
GBP	170	286	372	394	134	(444)	(276)
CHF	703	107	79	1,571	214	(1,054)	454
USD	717	450	421	1,143	431	(828)	(588)
CAD	1	165	123	112	66	(135)	(158)
MXN	111	122	100	148	57	(72)	(27)
INR	546	206	158	106	500	(12)	316
THB	17	35	18	63	33	(62)	(77)
IDR	79	50	34	24	29	42	(3)
PHP	12	34	26	92	22	(94)	(12)
AUD	10	67	18	195	45	(181)	(1)
Others	235	554	490	489	237	(427)	(771)
Total	**3,610**	**3,116**	**2,566**	**5,863**	**2,284**	**(3,987)**	**(1,580)**

38 Cash flow used in investing activities

Million CHF	2008	2007
Purchase of property, plant and equipment net		
Replacements	(1,231)	(1,384)
Proceeds from sale of property, plant and equipment	127	341
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(1,104)**	**(1,043)**
Expansion investments	(3,287)	(2,245)
Total purchase of property, plant and equipment net (A)	**(4,391)**	**(3,288)**
Purchase of financial assets, intangible, other assets and businesses		
Acquisition of new Group companies (net of cash and cash equivalents acquired)[1]	(534)	(408)
Increase in participation in existing Group companies	(123)	(763)
Increase in financial investments including associates	(541)	(180)
Increase in other assets[2]	(688)	(1,830)
Total	**(1,886)**	**(3,181)**
Disposal of financial assets, intangible, other assets and businesses		
Disposal of Group companies (net of cash and cash equivalents disposed of)	10	635
Cash and cash equivalents of reclassified Group companies[3]	(107)	0
Decrease in participation in existing Group companies	22	0
Decrease in financial investments including associates	94	49
Decrease in other assets	783	220
Total	**802**	**904**
Total purchase of financial assets, intangible, other assets and businesses net (B)	**(1,084)**	**(2,277)**
Total cash flow used in investing activities (A+B)	**(5,475)**	**(5,565)**

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
Million CHF	2008	2007	2008	2007
Current assets	(178)	(77)	13	231
Property, plant and equipment	(380)	(233)	1	302
Other assets	(119)	(50)	7	30
Short-term liabilities	129	57	(8)	(169)
Long-term provisions	51	24	(1)	(54)
Other long-term liabilities	74	10	(2)	(62)
Net assets	**(423)**	**(269)**	**10**	**278**
Minority interest	20	39	(2)	(154)
Net assets (acquired) disposed	**(403)**	**(230)**	**8**	**124**
Goodwill (acquired) disposed	(217)	(187)	0	1
Net result from disposals[4]	0	0	5	1,141
Total (purchase) disposal consideration	**(620)**	**(417)**	**13**	**1,266**
Acquired (disposed) cash and cash equivalents	18	9	(3)	(66)
Payables and loan notes	68	0	0	(565)
Net cash flow	**(534)**	**(408)**	**10**	**635**

[1] Including goodwill of new Group companies.
[2] Includes the goodwill from minority buyout.
[3] In 2008, the position relates to Holcim Venezuela (notes 1 and 19) and Egyptian Cement Company (note 1) reclassified as associates.
[4] Including transaction costs.

39 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2008, twelve non-executive members of the Board of Directors received a total remuneration of CHF 3.2 million (2007: 3.2) in the form of short-term employee benefits of CHF 1.9 million (2007: 1.9), post-employment benefits of CHF 0.1 million (2007: 0.2), share-based payments of CHF 1 million (2007: 1) and other compensation of CHF 0.2 million (2007: 0.1).

Senior management

In 2008, one member of senior management went into early retirement and three left senior management. The Board of Directors nominated two new members. The total annual compensation for senior management amounted to CHF 30.3 million (2007: 32.8) and comprises base salary and variable cash compensation of CHF 17.8 million (2007: 18.6), share-based compensations of CHF 4.7 million (2007: 8.3), employer contributions to pension plans of CHF 5.1 million (2007: 5.1) and other compensations of CHF 2.7 million (2007: 0.8). In accordance with Art. 663b^{bis} of the Swiss Code of Obligations (transparency law), the base salary and the variable cash compensation are disclosed including foreign withholding tax. Further included in the contribution to pension plans are the employers contributions to social security (AHV/IV).

The following table provides details on the total compensation awarded to the individual members of the Board of Directors, the highest compensation paid to a senior management member and the total amount of senior management compensation.

Compensation Board of Directors/senior management[1]

Name	Position		Base salary Cash	Shares[2]
Rolf Soiron	Chairman, Chairman of the	Number		1,513
	Governance, Nomination & Compensation Committee	CHF	595,680	80,000
Andreas von Planta	Deputy Chairman, Member of the Audit Committee	Number		1,513
		CHF	300,000	80,000
Christine Binswanger	Member of the Board of Directors since May 7, 2008	Number		883
		CHF	46,667	46,667
Lord Norman Fowler	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Erich Hunziker	Member of the Board of Directors, Member of the	Number		1,513
	Governance, Nomination & Compensation Committee	CHF	100,000	80,000
Willy R. Kissling	Member of the Board of Directors, Member of the Governance,	Number		630
	Nomination & Compensation Committee until May 7, 2008	CHF	41,667	33,333
Peter Küpfer	Member of the Board of Directors,	Number		1,513
	Chairman of the Audit Committee	CHF	180,000	80,000
Adrian Loader	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Gilbert J. B. Probst	Member of the Board of Directors until May 7, 2008	Number		630
		CHF	33,333	33,333
H. Onno Ruding	Member of the Board of Directors,	Number		1,513
	Member of the Audit Committee	CHF	110,000	80,000
Thomas Schmidheiny	Member of the Board of Directors, Member of the	Number		1,513
	Governance, Nomination & Compensation Committee	CHF	126,400[6]	80,000
Wolfgang Schürer	Member of the Board of Directors, Member of the Governance,	Number		1,513
	Nomination & Compensation Committee as of May 7, 2008	CHF	91,667	80,000
Dieter Spälti	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Robert F. Spoerry	Member of the Board of Directors since May 7, 2008	Number		883
		CHF	46,667	46,667
Total Board of Directors		**Number**		**18,156**
(non-executive members)		**CHF**	**1,912,081**	**960,000**
Markus Akermann[4]	Executive member of the Board of Directors,	Number		0
	CEO	CHF	2,011,756	0
Total senior management[5]		**Number**		**0**
		CHF	**15,137,454**	**0**

[1] Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed on page 167 under "Share compensation plan".
[2] The shares were valued at the average market price in the period from January 1, 2009 to February 15, 2009 and are subject to a five-year sale restriction period.
[3] Value of the options according to the Black Scholes model at the time of allocation.
[4] Member of senior management receiving the highest compensation.
[5] Including executive member of the Board of Directors, CEO.
[6] Including director's fees from subsidiary companies.

Variable compensation			Other compensation		Total	Total
Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others	compensation 2008	compensation 2007
			35,425	50,000	761,105	762,957
			18,169	10,000	408,169	408,169
			2,357	5,833	101,524	0
			0	10,000	170,000	170,000
			8,069	10,000	198,069	198,069
			5,123	4,167	84,290	198,069
			12,109	10,000	282,109	282,109
			0	10,000	170,000	170,000
			4,702	4,167	75,535	177,059
			7,726	10,000	207,726	208,574
			9,401	10,000	225,801	243,501
			7,648	10,000	189,315	177,059
			7,059	10,000	177,059	177,059
			2,357	5,833	101,524	0
			120,145	**160,000**	**3,152,226**	**3,172,625**
	9,056	76,980				
439,496	478,789	400,295	540,207	203,436	4,073,979	4,902,973
	51,167	**385,124**				
2,671,172	**2,705,214**	**2,002,643**	**5,085,636**	**2,733,112**	**30,335,231**	**32,757,610**

Compensation for former members of governing bodies

In the year under review, compensation of CHF 503,500 (2007: 263,700) was paid to three (2007: two) former members of governing bodies.

Loans

As at December 31, 2008, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors outstanding. The table provides details on the loans granted.

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Urs Böhlen	Member of the Executive Committee	CHF	51,000	variable	31.12.15	yes
Thomas Knöpfel	Member of the Executive Committee	CHF	16,000	variable	31.12.09	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	200,662	variable	open	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	438,100	variable	31.12.22	yes
Total		**CHF**	**2,455,762**			

As at December 31, 2007, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors outstanding. The table provides details on the loans granted.

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Thomas Knöpfel	Member of the Executive Committee	CHF	32,000	variable	31.12.10	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	205,400	variable	open	yes
Urs Böhlen	Area Manager	CHF	93,000	variable	31.12.15	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	471,800	variable	31.12.22	yes
Total		**CHF**	**2,552,200**			

Shares and options owned by senior executives

The tables show the number of shares and options held by senior executives as at December 31, 2008 and December 31, 2007 respectively.

Board of Directors

Name	Position	Total number of shares 2008	Total number of call options 2008
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,917	–
Andreas von Planta	Deputy Chairman	5,306	–
Christine Binswanger	Member	500	–
Lord Norman Fowler	Member	1,827	–
Erich Hunziker	Member	5,503	–
Peter Küpfer	Member, Audit Committee Chairman	5,502	80,000[1]
Adrian Loader	Member	2,894	–
H. Onno Ruding	Member	2,864	–
Thomas Schmidheiny	Member	54,292,690	–
Wolfgang Schürer	Member	31,821	–
Dieter Spälti	Member	7,842	–
Robert F. Spoerry	Member	5,000	–
Total Board of Directors (non-executive members)		**54,390,666**	**80,000**

Board of Directors

Name	Position	Total number of shares 2007	Total number of call options 2007
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,177	–
Andreas von Planta	Deputy Chairman	4,566	–
Lord Norman Fowler	Member	1,087	–
Erich Hunziker	Member	4,763	–
Willy R. Kissling	Member	4,922	–
Peter Küpfer	Member, Audit Committee Chairman	4,762	80,000[1]
Adrian Loader	Member	2,154	–
Gilbert J. B. Probst	Member	5,340	–
H. Onno Ruding	Member	2,124	–
Thomas Schmidheiny	Member	53,741,950	–
Wolfgang Schürer	Member	31,081	–
Dieter Spälti	Member	3,775	–
Total Board of Directors (non-executive members)		**53,834,701**	**80,000**

The total number of shares and call options comprise privately acquired shares and call options, and shares allocated under profit-sharing and compensation schemes. Non-executive members of the Board of Directors did not receive any options from compensation and profit-sharing schemes.

[1] Exercise price: CHF 110; Ratio 1:1; Style: European; Maturity: 21.5.2010.

Senior management

Name	Position	Total number of shares 2008	Total number of call options 2008
Markus Akermann	Executive Member of the Board of Directors, CEO	72,103	157,085
Urs Böhlen	Member of the Executive Committee	10,331	40,308
Tom Clough	Member of the Executive Committee	19,215	50,034
Patrick Dolberg	Member of the Executive Committee	5,463	33,550
Paul Hugentobler	Member of the Executive Committee	52,463	61,489
Thomas Knöpfel	Member of the Executive Committee	25,466	50,873
Benoît-H. Koch	Member of the Executive Committee	30,441	53,955
Theophil H. Schlatter	Member of the Executive Committee, CFO	41,274	71,732
Bill Bolsover	Area Manager and Corporate Functional Manager	3,543	3,954
Javier de Benito	Area Manager	10,142	6,938
Gérard Letellier	Area Manager	6,766	4,996
Andreas Leu	Area Manager	4,580	–
Jacques Bourgon	Corporate Functional Manager	4,819	4,742
Roland Köhler	Corporate Functional Manager	4,494	5,369
Stefan Wolfensberger	Corporate Functional Manager	3,562	4,978
Total senior management		**294,662**	**550,003**

Senior management

Name	Position	Total number of shares 2007	Total number of call options 2007
Markus Akermann	Executive Member of the Board of Directors, CEO	61,161	138,983
Tom Clough	Member of the Executive Committee	13,744	44,588
Hansueli Heé	Member of the Executive Committee	25,080	55,293
Paul Hugentobler	Member of the Executive Committee	46,992	56,344
Thomas Knöpfel	Member of the Executive Committee	19,995	46,135
Benoît-H. Koch	Member of the Executive Committee	25,080	48,873
Theophil H. Schlatter	Member of the Executive Committee, CFO	35,803	65,971
Urs Böhlen	Area Manager	7,944	4,911
Bill Bolsover	Area Manager and Corporate Functional Manager	1,553	1,550
Javier de Benito	Area Manager	8,229	5,114
Bernard Kueng	Area Manager and Corporate Functional Manager	2,294	–
Gérard Letellier	Area Manager	4,379	2,570
Bernard Terver	Area Manager	9,724	8,616
Jacques Bourgon	Corporate Functional Manager	4,515	2,740
Beat Fellmann	Corporate Functional Manager	2,297	2,700
Roland Köhler	Corporate Functional Manager	3,300	3,088
Stefan Wolfensberger	Corporate Functional Manager	2,368	2,625
Total senior management		**274,458**	**490,101**

The total number of shares and call options include both privately acquired shares and call options, and those allocated under the Group's profit-sharing and compensation schemes. Options are issued solely on registered shares of Holcim Ltd.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares, by selling and purchasing Holcim Ltd shares to and from employees and on the open market. As a result, the company purchased Holcim Ltd shares of CHF 0.01 million (2007: 0.6) at stock market price from members of senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

40 Post-balance sheet events

On February 17, 2009, Holcim entered into a syndicated loan facility agreement of CHF 400 million with a tenor of 3 years and a two-year extension option with a group of Swiss banks. The proceeds will be used to refinance existing debt and to optimize the capital structure.

With respect to the financing of AfriSam (note 36) Holcim subscribed to loan notes in the amount of ZAR 2.4 billion (CHF 271 million) by February 20, 2009. Holcim intends to place these loan notes in the market. With this subscription Holcim has fulfilled its commitments relating to the financing of AfriSam.

Due to the continuing unfavorable demand situation in the US, the Group company has decided to mothball the plants of Artesia and Mason City with a combined annual capacity of 1.4 million tonnes. Expected mothballing costs of USD 23 million (CHF 25) will be recognized in the first quarter 2009.

41 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 27, 2009 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for May 7, 2009.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Europe	Holcim Western Europe S.A.S.	France	EUR	192,253	100.0%
	Holcim (España), S.A.	Spain	EUR	147,882	99.8%
	Holcim Trading SA	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	–	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	88.9%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	142,200	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	67,000	100.0%
	Holcim Group Support Ltd	Switzerland	CHF	1,000	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	SKK	1,275,068	98.0%
	Holcim Hungária Zrt.	Hungary	HUF	3,176,805	99.7%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	94,000	99.8%
	Holcim (Srbija) a.d.	Serbia	CSD	2,300,000	100.0%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Alpha Cement J.S.C.	Russia	RUB	8,298	80.8%
	"Garadagh" Sement O.T.J.S.C.	Azerbaijan	AZN	31,813	69.6%
North America	Holcim (US) Inc.	USA	USD	–	100.0%
	Aggregate Industries Management Inc.	USA	USD	194,058	100.0%
	St. Lawrence Cement Inc.	Canada	CAD	171,201	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	5,843,086	100.0%
	Cemento de El Salvador S.A. de C.V.	El Salvador	USD	78,178	64.3%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,604,056	59.8%
	Panamá Cement Holding S.A.[1]	Panama	USD	116,135	50.0%
	Caricement Antilles N.V.	Curaçao	USD	23,899	100.0%
	Cementos Colón S.A.[1]	Dominican Republic	DOP	165,000	35.5%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.1%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Juan Minetti S.A.	Argentina	ARS	352,057	78.9%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%

[1] Joint venture, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	421,000	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	United Cement Company of Nigeria Ltd[1]	Nigeria	NGN	1,040,000	39.0%
	Holcim (Liban) S.A.L.	Lebanon	LBP	135,617,535	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%
	Aden Cement Enterprises Ltd.	Republic of Yemen	YER	106,392	100.0%
Asia Pacific	ACC Limited[2]	India	INR	1,878,874	46.2%
	Ambuja Cements Ltd.[2]	India	INR	3,045,199	45.7%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,458,021	98.9%
	Holcim (Bangladesh) Ltd	Bangladesh	BDT	120,000	89.6%
	Siam City Cement (Public) Company Limited[1]	Thailand	THB	2,375,000	36.8%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Pte. Ltd	Singapore	SGD	28,754	100.0%
	Jurong Cement Limited	Singapore	SGD	44,322	55.2%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	78.2%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim (Philippines) Inc.	Philippines	PHP	6,452,099	85.7%
	Cement Australia Holdings Pty Ltd[1]	Australia	AUD	390,740	50.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2008 in local currency		Security code number
Europe	Holcim (Deutschland) AG	Hamburg	Frankfurt	EUR	515 million	DE0005259006
Latin America	Holcim (Costa Rica) S.A.	San José	San José	CRC	344,162 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,004 million	ECP516721068
	Juan Minetti S.A.	Buenos Aires	Buenos Aires	ARS	419 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	125,125 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	8,033 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	287 million	LB0000012833
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	90,116 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	106,658 million	INE079A01024
	Siam City Cement (Public) Company Limited	Bangkok	Bangkok	THB	31,825 million	TH0021010002
	Jurong Cement Limited	Singapore	Singapore	SGD	53 million	SG1E00001230
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	4,827,627 million	ID1000072309
	Holcim (Philippines) Inc.	Manila	Manila	PHP	12,259 million	PHY3232G1014

[1] Joint venture, proportionate consolidation.
[2] Control obtained because of the power to cast the majority of votes at meetings of the Board of Directors.

Principal finance and holding companies

	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd	Switzerland	CHF	527,172	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	505,581	100.0%
Holcibel S.A.	Belgium	EUR	831,000	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,556	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim (Centroamérica) B.V.	Netherlands	USD	3,855	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) S.A.	Luxemburg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	19,317,267	100.0%
Holcim Investments (France) SAS	France	EUR	15,551	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	66,182	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim Reinsurance Ltd.	Bermuda	CHF	1,453	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxemburg	USD	10	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%

Principal associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
North America	Lattimore Materials Company, L.P.	USA	49.0%
Latin America	Cementos Progreso S.A.	Guatemala	20.0%
	Holcim (Venezuela) C.A.[1]	Venezuela	100.0%
Africa Middle East	AfriSam (Pty) Ltd[2]	South Africa	15.0%
	Egyptian Cement Company S.A.E.	Egypt	43.7%
Asia Pacific	Espandar Cement Investment Co. (P.J.S.)	Iran	49.9%
	Huaxin Cement Co. Ltd.	China	39.9%

[1] Deconsolidated as at December 31, 2008 due to loss of control (notes 1 and 19).
[2] Due to significant influence.

To the General Meeting of Holcim Ltd, Jona

Zurich, February 27, 2009

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Holcim Ltd, which comprise the consolidated statement of income, consolidated balance sheet, statement of changes in consolidated equity, consolidated cash flow statement and notes on pages 116 to 180 for the year ended December 31, 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Dolensky
Licensed Audit Expert
Auditor in charge

Willy Hofstetter
Licensed Audit Expert

Principal companies of the Holcim Group

Holcim Western Europe S.A.S., France

Country Manager France:	Vincent Lefebvre
Country Manager Belgium:	Lukas Epple
Country Manager Netherlands:	Gitta Hoogeveen
Personnel:	3,357
Production capacity:	8.0 million t of cement
Altkirch plant	■
Dannes plant	■
Héming plant	■
Lumbres plant	■
Obourg plant	■
Rochefort plant	■
Dunkerque grinding plant	■
Ebange grinding plant	■
Haccourt grinding plant	■
Shareholdings:	
Geocycle S.A.	■
Gralex S.A.	●
Holcim Betonmortel B.V.	▲
Holcim Betonproducten B.V.	▲
Holcim Bétons (Belgique) S.A.	▲
Holcim Bétons (France) S.A.S.	▲
Holcim Granulats (Belgique) S.A.	●
Holcim Granulats (France) S.A.S.	●
Holcim Grondstoffen B.V.	▲

Holcim (España), S.A., Spain

Chief Executive:	Alain Bourguignon
Personnel:	2,120
Production capacity:	5.5 million t of cement
Carboneras plant	■
Gádor plant	■
Jerez plant	■
Lorca plant	■
Yeles plant	■
Shareholdings:	
Holcim Aridos S.L.	●
Holcim Hormigones S.A.	▲
Holcim Materiales de Construcción S.A.	● ▲
Holcim Morteros S.A.	▲

Holcim Trading SA, Spain

Chief Executive:	José Cantillana
Personnel:	98
Seaborne clinker and cement trading and others	▲

Aggregate Industries Ltd, United Kingdom

Chief Executive:	Bill Bolsover
Personnel:	6,457
Bardon	● ▲
Bardon Contracting	● ▲
Bradstone/Stone Flair	▲
Charcon	▲
Concrete Developments	▲
Express Asphalt	▲
London Concrete	▲
Masterblock	▲
Ronez	● ▲
Shareholdings:	
Aggregate Industries UK Ltd.	● ▲
Aggregate Supplies	● ▲
Ash Solutions Ltd.	▲
Foster Yeoman Bau Mineralien GmbH	● ▲
Halsvik Aggregates AS	●
Paragon Materials Ltd	▲
Spadeoak Construction Co Limited	● ▲
UK Bitumen Ltd.	▲
Yeoman Aggregates Ltd.	● ▲
Yeoman Asphalt	● ▲
Yeoman Poland sp Zoo	● ▲

Holcim (Deutschland) AG, Germany

Chief Executive:	Leo Mittelholzer
Personnel:	1,493
Production capacity:	3.3 million t of cement
Höver plant	■
Lägerdorf plant	■
Bremen grinding plant	■
Shareholdings:	
Hannoversche Silo-Gesellschaft mbH	▲
Holcim Beton und Zuschlagsstoffe (NRW) GmbH	● ▲
Hüttensand Salzgitter GmbH & Co. KG	●
SBU Kieswerk Zeithain GmbH & Co. KG	●
Vereinigte Transportbetonwerke GmbH & Co. KG	▲

■ Cement
● Aggregates
▲ Other construction materials and services

Holcim (Süddeutschland) GmbH, Germany

Regional General Manager:	Carlo Gervasoni
Country Manager:	Reto Willimann
Personnel:	329
Production capacity:	1.6 million t of cement
Dotternhausen plant	■
Shareholding:	
Holcim Kies und Beton GmbH	● ▲

Holcim (Schweiz) AG, Switzerland

Regional General Manager:	Carlo Gervasoni
Country Manager:	Kaspar Wenger
Personnel:	1,206
Production capacity:	3.5 million t of cement
Eclépens plant	■
Siggenthal plant	■
Untervaz plant	■
Lorüns grinding plant, Austria	■
Shareholdings:	
Holcim BF+P SA	▲
Holcim Kies und Beton AG	● ▲
Holcim (Vorarlberg) GmbH, Austria	■

Holcim Gruppo (Italia) S.p.A., Italy

Regional General Manager:	Carlo Gervasoni
Country Manager:	Domenico Salvadore
Personnel:	663
Production capacity:	4.1 million t of cement
Merone plant	■
Ternate plant	■
Morano grinding plant	■
Shareholdings:	
Eurofuels	■
Holcim Aggregati S.r.l.	●
Holcim Calcestruzzi S.r.l.	▲

Holcim Group Support Ltd, Switzerland

Personnel:	973
Management services	▲
Shareholding:	
Ceprocim Engineering S.r.l., Romania	▲

Holcim (Česko) a.s., Czech Republic

Regional General Manager:	Kurt Habersatter
Country Manager:	Roland van Wijnen
Personnel:	452
Production capacity:	1.4 million t of cement
Prachovice plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Lom Klecany s.r.o	▲
Transbeton Skanska s.r.o	▲

Holcim (Slovensko) a.s., Slovakia

Regional General Manager:	Kurt Habersatter
Country Manager:	Roland van Wijnen
Personnel:	633
Production capacity:	2.2 million t of cement
Rohožník plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholding:	
Holcim Wien GmbH, Austria	▲

Holcim Hungária Zrt., Hungary

Regional General Manager:	Kurt Habersatter
Country Manager:	Richard Skene
Personnel:	697
Production capacity:	2.1 million t of cement
Hejöcsaba plant	■
Lábatlan plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholding:	
Pannonbeton Kft	▲

Holcim (Hrvatska) d.o.o., Croatia

Regional General Manager:	Kurt Habersatter
Country Manager:	Albert Szabo
Personnel:	339
Production capacity:	1.0 million t of cement
Koromačno plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Holcim mineralni agregati d.o.o. Nedešcina	●
Holcim mineralni agregati d.o.o. Očura	●

Holcim (Srbija) a.d., Serbia

Regional General Manager:	Kurt Habersatter
Country Manager:	Gustavo Navarro
Personnel:	471
Production capacity:	1.4 million t of cement
Novi Popovac plant	■
Ready-mix concrete operations	▲

Holcim (Romania) S.A., Romania

Regional General Manager:	Kurt Habersatter
Country Manager:	Markus Wirth
Personnel:	1,502
Production capacity:	4.7 million t of cement
Alesd plant	■
Campulung plant	■
Turda grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
AgroComp International SRL	●
Estagre SRL	●

Holcim (Bulgaria) AD, Bulgaria

Regional General Manager:	Kurt Habersatter
Country Manager:	Todor Kostov
Personnel:	918
Production capacity:	2.4 million t of cement
Beli Izvor plant	■
Pleven plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Holcim Karierni Materiali AD	●
Holcim Karierni Materiali Plovdiv AD	●
Holcim Karierni Materiali Rudinata AD	●
Komars AD	▲
Remos Beton AD	▲

Alpha Cement J.S.C., Russia

Regional General Manager:	Gareth Babbs
Country Manager:	Gareth Babbs
Personnel:	2,071
Production capacity:	4.4 million t of cement
Shurovo plant	■
Volsk plant	■

■ Cement
● Aggregates
▲ Other construction materials and services

"Garadagh" Sement O.T.J.S.C., Azerbaijan

Regional General Manager:	Gareth Babbs
Country Manager:	Horia Adrian
Personnel:	590
Production capacity:	2.0 million t of cement
Garadagh plant	■

Holcim (US) Inc., USA

Chief Executive:	Bernard Terver
Personnel:	3,015
Production capacity:	17.9 million t of cement
Ada plant	■
Artesia plant	■
Catskill plant	■
Clarksville plant	■
Devil's Slide plant	■
Dundee plant	■
Hagerstown plant	■
Holly Hill plant	■
Mason City plant	■
Midlothian plant	■
Portland plant	■
Theodore plant	■
Trident plant	■
Birmingham grinding plant	■
Camden grinding plant	■
Chicago grinding plant	■

Aggregate Industries Management Inc., USA

Chief Executive:	Nabil Bouris
Personnel:	4,055
Mid Atlantic Region	● ▲
Mid West Region	● ▲
North East Region	● ▲
Western Region	● ▲

St. Lawrence Cement Inc., Canada

Chief Executive:	Paul Ostrander
Personnel:	2,755
Production capacity:	3.4 million t of cement
Joliette plant	■
Mississauga plant	■
Shareholdings:	
Demix group	● ▲
Dufferin group	● ▲

Holcim Apasco S.A. de C.V., Mexico

Chief Executive:	Eduardo Kretschmer
Personnel:	4,120
Production capacity:	11.1 million t of cement
Acapulco plant	■
Apaxco plant	■
Macuspana plant	■
Orizaba plant	■
Ramos Arizpe plant	■
Tecomán plant	■
Shareholdings:	
Cementos Apasco S.A. de C.V.	■
Concretos Apasco S.A. de C.V.	▲
Gravasa S.A. de C.V.	●

Cemento de El Salvador S.A. de C.V., El Salvador

Chief Executive:	Ricardo A. Chavez Caparroso
Personnel:	914
Production capacity:	1.7 million t of cement
El Ronco plant	■
Maya plant	■
Shareholdings:	
Bolsas de Centroamérica S.A. de C.V.	▲
Concretera Mixto Listo S.A. de C.V.	▲
Concretera Salvadoreña S.A. de C.V.	▲

Holcim (Nicaragua) S.A., Nicaragua

Chief Executive:	Sergio Egloff
Personnel:	118
Production capacity:	0.3 million t of cement
Nagarote grinding plant	■

Holcim (Costa Rica) S.A., Costa Rica

Chief Executive:	Sergio Egloff
Personnel:	1,409
Production capacity:	1.5 million t of cement
Cartago plant	■
Shareholdings:	
Geocycle S.A.	■
Hidroeléctrica Aguas Zarcas S.A.	▲
Productos de Concreto S.A.	▲

Panamá Cement Holding S.A., Panama

Chief Executive:	Rodolfo Montero
Personnel:	523
Production capacity:	0.8 million t of cement
Quebrancha grinding plant	■
Shareholdings:	
Cemento Panamá Comercializadora S.A.	■
Cemento Panamá S.A.	■
Concreto S.A.	▲
Corporación Incem S.A.	■
Grava S.A.	●
Terminal Granelera Bahia Las Minas, S.A.	■

Caricement Antilles N.V., Curaçao

Chief Executive:	Juan Miguel Lahitte
Personnel:	42
Antilles terminals	■

Cementos Colón S.A., Dominican Republic

Chief Executive:	Juan Miguel Lahitte
Personnel:	101
Production capacity:	0.6 million t of cement
Najayo grinding plant	■

Holcim (Colombia) S.A., Colombia

Chief Executive:	Moisés Pérez
Personnel:	1,013
Production capacity:	1.4 million t of cement
Nobsa plant	■
Aggregates operations	●
Ready-mix concrete operations	▲

Holcim (Ecuador) S.A., Ecuador

Chief Executive:	Andreas Leu
Personnel:	1,013
Production capacity:	3.5 million t of cement
Guayaquil plant	■
Latacunga grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Distribuidora Rocafuerte (Disensa) S.A.	▲
Generadora Rocafuerte S.A.	▲

Holcim (Brasil) S.A., Brazil

Chief Executive:	Carlos Bühler
Personnel:	2,204
Production capacity:	5.0 million t of cement
Barroso plant	■
Cantagalo plant	■
Pedro Leopoldo plant	■
Sorocaba grinding plant	■
Vitória grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲

Juan Minetti S.A., Argentina

Chief Executive:	Otmar Hübscher
Personnel:	1,247
Production capacity:	4.3 million t of cement
Capdeville plant	■
Malagueño plant	■
Puesto Viejo plant	■
Yocsina plant	■
Campana grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Ecoblend S.A.	■
Hormix S.A.	▲

Cemento Polpaico S.A., Chile

Chief Executive:	Oscar Parada
Personnel:	1,154
Production capacity:	2.4 million t of cement
Cerro Blanco plant	■
Coronel grinding plant	■
Mejillones grinding plant	■
Shareholdings:	
Pétreos S.A.	● ▲
Planta Polpaico del Pacifico Ltd.	■

Holcim (Maroc) S.A., Morocco

Chief Executive:	Dominique Drouet
Personnel:	672
Production capacity:	5.2 million t of cement
Oujda plant	■
Ras El Ma plant	■
Settat plant	■
Nador grinding plant	■
Shareholdings:	
Ecoval	■
Holcim AOZ	■
Holcim Bétons	▲
Holcim Granulats	●

Ciments de Guinée S.A., Guinea

Chief Executive:	Mohamed Ali Bensaid
Personnel:	151
Production capacity:	0.6 million t of cement
Conakry grinding plant	■

Société de Ciments et Matériaux, Ivory Coast

Chief Executive:	Johan Pachler
Personnel:	216
Production capacity:	0.8 million t of cement
Abidjan grinding plant	■

■ Cement
● Aggregates
▲ Other construction materials and services

United Cement Company of Nigeria Ltd, Nigeria

Chief Executive:	Joey Ghose
Personnel:	288
Production capacity:	0.4 million t of cement
Calabar grinding plant	■

Holcim (Liban) S.A.L., Lebanon

Chief Executive:	Vincent Bouckaert
Personnel:	422
Production capacity:	2.6 million t of cement
Chekka plant	■
Shareholdings:	
Holcim Béton S.A.L.	▲
Société Libanaise des Ciments Blancs	■
Bogaz Endustri ve Madencilik, Northern Cyprus	■

Holcim (Outre-Mer) S.A.S., La Réunion

Chief Executive:	Andreas Rogenmoser
Personnel:	620
Production capacity:	0.9 million t of cement
Ibity plant	■
Le Port grinding plant	■
Nouméa grinding plant	■
Shareholdings:	
Holcim Madagascar S.A.	■
Holcim (Mauritius) Ltd	■
Holcim (Nouvelle Calédonie) S.A.	■
Holcim Précontraint S.A.	▲
Holcim (Réunion) S.A.	■
SAS Group Ouest Concassage	●

Aden Cement Enterprises Ltd., Republic of Yemen

Chief Executive:	Jaafar Skalli
Personnel:	108
Aden terminal	■

ACC Limited, India

Chief Executive:	Sumit Banerjee
Personnel:	15,433
Production capacity:	22.7 million t of cement
Bargarh plant	■
Chaibasa plant	■
Chanda plant	■
Gagal plants	■
Jamul plant	■
Kymore plant	■
Lakheri plant	■
Madukkarai plant	■
Wadi plants	■
Damodhar grinding plant	■
Sindri grinding plant	■
Tikaria grinding plant	■
Ready-mix concrete operations	▲
Shareholding:	
Associated Cement Concrete Ltd.	▲

Ambuja Cements Ltd., India

Chief Executive:	Amrit Lal Kapur
Personnel:	9,974
Production capacity:	21.9 million t of cement
Ambujanagar plants	■
Bhatapara plant	■
Darlaghat plant	■
Maratha plant	■
Rabriyawas plant	■
Bhatinda grinding plant	■
Farakka grinding plant	■
Roorkee grinding plant	■
Ropar grinding plant	■
Sankrail grinding plant	■
Surat grinding plant	■

Holcim (Lanka) Ltd, Sri Lanka

Chief Executive:	Stefan Huber
Personnel:	701
Production capacity:	1.4 million t of cement
Palavi plant	■
Ruhunu grinding plant	■

Holcim (Bangladesh) Ltd, Bangladesh

Chief Executive:	Rajnish Kapur
Personnel:	562
Production capacity:	1.3 million t of cement
Menghnaghat grinding plant	■
Mongla grinding plant	■
Shareholdings:	
Cemcor Limited	▲
Saiham Cement Industries Ltd	■
United Cement Industries Limited	■

PT Holcim Indonesia Tbk., Indonesia

Chief Executive:	Tim Mackay
Personnel:	2,412
Production capacity:	8.6 million t of cement
Cilacap plant	■
Narogong plant	■
Ciwandon grinding plant	■
Shareholdings:	
PT Holcim Beton	● ▲
PT Wahana Transtama	■

Siam City Cement (Public) Company Limited, Thailand

Chief Executive:	Philippe Arto
Personnel:	3,390
Production capacity:	16.5 million t of cement
Saraburi plants	■
Shareholdings:	
Conwood Co. Ltd.	▲
Siam City Concrete Co. Ltd.	▲

Holcim (Vietnam) Ltd, Vietnam

Chief Executive:	Aidan Lynam
Personnel:	1,661
Production capacity:	4.7 million t of cement
Hon Chong plant	■
Cat Lai grinding plant	■
Hiep Phuoc grinding plant	■
Thi Vai grinding plant	■
Ready-mix concrete operations	▲

Holcim (Malaysia) Sdn Bhd, Malaysia

Chief Executive:	Mahanama Ralapanawa
Personnel:	200
Production capacity:	1.2 million t of cement
Pasir Gudang grinding plant	■
Ready-mix concrete operations	▲
Shareholding:	
Geocycle Malaysia Sdn Bhd	■

Holcim (Philippines) Inc., Philippines

Chief Executive:	Ian Thackwray
Personnel:	1,487
Production capacity:	9.8 million t of cement
Bulacan plant	■
Davao plant	■
La Union plant	■
Lugait plant	■
Mabini grinding plant	■
Shareholding:	
Trans Asia Power Corporation	■

Holcim (Singapore) Pte. Ltd, Singapore

General Manager:	Sujit Ghosh
Personnel:	176
Ready-mix concrete operations	▲
Shareholding:	
Ecowise Material Pte Ltd.	▲

Jurong Cement Limited, Singapore

Chief Executive:	Roland Mathys
Personnel:	192
Ready-mix concrete operations	▲

■ Cement
● Aggregates
▲ Other construction materials and services

Cement Australia Holdings Pty Ltd and Cement Australia Partnership, Australia

Chief Executive:	Chris Leon
Personnel:	1,417
Production capacity:	4.2 million t of cement
Gladstone plant	■
Kandos plant	■
Railton plant	■
Rockhampton plant	■
Bulwer Island grinding plant	■
Shareholdings:	
Australian Steel Mill Services Pty	▲
Cement Australia Packaged Products Pty Ltd.	■
Pozzolanic Industries Pty Ltd.	▲
The Cornwall Coal Mining Company Pty Ltd.	▲

Holcim (New Zealand) Ltd, New Zealand

Chief Executive:	Jeremy Smith
Personnel:	780
Production capacity:	0.6 million t of cement
Westport plant	■
Christchurch grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
AML Ltd.	▲
McDonald’s Lime Ltd.	▲
Millbrook Quarries Ltd	●

Statement of income Holcim Ltd

Million CHF	2008	2007
Financial income	859.1	2,454.3
Other ordinary income	22.8	35.4
Extraordinary income	0	11.4
Total income	**881.9**	**2,501.1**
Financial expenses	(145.3)	(95.4)
Other ordinary expenses	(47.1)	(42.3)
Change in provisions and valuation adjustments on financial investments	0	0
Taxes	(6.6)	(54.3)
Total expenses	**(199.0)**	**(192.0)**
Net income	**682.9**	**2,309.1**

Balance sheet Holcim Ltd as at December 31

Million CHF	2008	2007
Cash and cash equivalents	475.3	457.0
Accounts receivable – Group companies	51.3	753.5
Accounts receivable – third parties	0.5	0.3
Prepaid expenses and other current assets	10.6	10.6
Total current assets	**537.7**	**1,221.4**
Loans – Group companies	1,803.1	1,780.4
Financial investments – Group companies	14,733.1	13,472.2
Other financial investments	18.6	6.3
Total long-term assets	**16,554.8**	**15,258.9**
Total assets	**17,092.5**	**16,480.3**
Current financing liabilities – Group companies	226.4	279.0
Other current liabilities	856.6	610.5
Total current liabilities	**1,083.0**	**889.5**
Long-term financing liabilities – Group companies	109.1	145.1
Long-term financing liabilities – third parties	1,139.4	0
Outstanding bonds	1,150.0	1,650.0
Total long-term liabilities	**2,398.5**	**1,795.1**
Total liabilities	**3,481.5**	**2,684.6**
Share capital	527.2	527.2
Legal reserves		
– Capital surplus	6,719.7	6,719.7
– Ordinary reserve	238.8	572.3
– Reserve for treasury shares	400.6	67.1
Free reserve	4,962.8	3,462.8
Retained earnings	761.9	2,446.6
Total shareholders’ equity	**13,611.0**	**13,795.7**
Total liabilities and shareholders’ equity	**17,092.5**	**16,480.3**

Change in shareholders' equity Holcim Ltd

Million CHF	Share capital	Capital surplus	Ordinary reserve	Reserve for treasury shares	Free reserve	Retained earnings	Total
January 1, 2007	**510.7**	**5,927.6**	**577.6**	**61.8**	**262.8**	**3,859.4**	**11,199.9**
Capital increase	16.5						16.5
Capital surplus		792.1					792.1
Increase reserve for treasury shares			(5.3)	5.3			0
Dividends						(521.9)	(521.9)
Allocation to free reserve					3,200.0	(3,200.0)	0
Net income of the year						2,309.1	2,309.1
December 31, 2007	**527.2**	**6,719.7**	**572.3**	**67.1**	**3,462.8**	**2,446.6**	**13,795.7**
January 1, 2008	**527.2**	**6,719.7**	**572.3**	**67.1**	**3,462.8**	**2,446.6**	**13,795.7**
Capital increase							0
Capital surplus							0
Increase reserve for treasury shares			(333.5)	333.5			0
Dividends						(867.6)	(867.6)
Allocation to free reserve					1,500.0	(1,500.0)	0
Net income of the year						682.9	682.9
December 31, 2008	**527.2**	**6,719.7**	**238.8**	**400.6**	**4,962.8**	**761.9**	**13,611.0**

Data as required under Art. 663b and c of the Swiss Code of Obligations

Contingent liabilities	31.12.2008	31.12.2007
Million CHF		
Holcim Capital Corporation Ltd.		
Guarantees in respect of holders of		
6.60% USD 168 million private placement due in 2008	0	197
5.93% USD 105 million private placement due in 2009	117[1]	126
7.05% USD 358 million private placement due in 2011	447[1]	459
6.59% USD 165 million private placement due in 2014	222[1]	217
7.65% USD 50 million private placement due in 2031	90[1]	81
Holcim Capital (Thailand) Ltd.		
Guarantees in respect of holders of		
6.12% THB 3,000 million bonds due in 2008	0	100
6.48% THB 2,150 million bonds due in 2010	65[2]	71
6.69% THB 2,450 million bonds due in 2012	74[2]	81
Holcim Finance (Australia) Pty Ltd		
Guarantees in respect of holders of		
6.50% AUD 175 million bonds due in 2009	128[3]	173
6.76% AUD 85 million bonds due in 2009	62[3]	84
Holcim Finance (Belgium) SA		
Commercial Paper Program, guarantee based on utilization, EUR 500 million maximum	321[4]	365
Holcim Finance (Canada) Inc.		
Guarantees in respect of holders of		
6.91% CAD 10 million private placement due in 2017	11[5]	14
5.90% CAD 300 million bonds due in 2013	287[5]	380
Holcim Finance (Luxembourg) SA		
Guarantees in respect of holders of		
4.38% EUR 750 million bonds due in 2010	1,230[4]	1,367
4.38% EUR 600 million bonds due in 2014	984[4]	1,094
Holcim Overseas Finance Ltd.		
Guarantees in respect of holders of		
2.75% CHF 300 million notes due in 2011	330	330
3.00% CHF 250 million notes due in 2013	275	275
Holcim US Finance S.à r.l. & Cie S.C.S.		
Guarantees in respect of holders of		
5.96% USD 125 million private placement due in 2013	132[1]	141
6.10% USD 125 million private placement due in 2016	132[1]	141
6.21% USD 200 million private placement due in 2018	212[1]	225
4.14% EUR 90 million private placement due in 2013	148[4]	0
4.27% EUR 358 million private placement due in 2013	587[4]	0
4.16% EUR 202 million private placement due in 2015	331[4]	0
Guarantees for committed credit lines, utilization CHF 2,895 million	4,317	5,480
Other guarantees, utilization CHF 19 million	329	735

Holcim Ltd is part of a value added tax group and therefore jointly liable to the Swiss Federal Tax Administration for the value added tax liabilities of the other members.

[1] Exchange rate USD: CHF 1.06.
[2] Exchange rate THB: CHF 3.02.
[3] Exchange rate AUD: CHF 0.73.
[4] Exchange rate EUR: CHF 1.49.
[5] Exchange rate CAD: CHF 0.87.

Issued bonds

The outstanding bonds and private placements as at December 31, 2008 are listed on pages 156 and 157.

Principal investments

The principal direct and indirect investments of Holcim Ltd are listed under the heading "Principal companies of the Holcim Group" on pages 178 to 180.

Treasury shares		Number	Price per share in CHF	Million CHF
01.01.07	Treasury shares	679,912	90.84	61.8
01.01. to 31.12.07	Movement	(11,063)	124.82	5.3
31.12.07	Treasury shares	668,849	100.27	67.1
01.01.08	Treasury shares	668,849	100.27	67.1
01.01. to 31.12.08	Movement	4,463,212	76.69	333.5
31.12.08	Treasury shares	5,132,061	78.05	400.6

Conditional share capital		Number	Price per share in CHF	Million CHF
01.01.07	Conditional shares par value	9,659,815	2.00	19.3
01.01. to 31.12.07	Movement	(8,237,465)	2.00	(16.5)
31.12.07	Conditional shares par value	1,422,350	2.00	2.8
01.01.08	Conditional shares par value	1,422,350	2.00	2.8
01.01. to 31.12.08	Movement	0	0	0
31.12.08	Conditional shares par value	1,422,350	2.00	2.8

Share interests of Board of Directors and senior management

As of December 31, 2008, the members of the Board of Directors and senior management of Holcim held directly and indirectly in the aggregate 54,685,328 registered shares (2007: 54,109,159) and no rights to acquire further registered shares and 630,003 call options on registered shares (2007: 570,101).

Important shareholders[1]

As of December 31, 2008, Thomas Schmidheiny directly and indirectly held 54,292,690 or 20.60 percent registered shares (2007: 53,741,950 or 20.39 percent).[2]

Capital Group Companies Inc. held 13,181,456 or 5 percent registered shares as of August 15, 2008, and Eurocement Holding AG held 17,187,000 or 6,52 percent registered shares as of September 19, 2008.

The information disclosed complies with all Swiss legal requirements. Further information can be found in the notes to the consolidated financial statements on pages 132 to 177. Specific information in accordance with Art. 663b para 12 (risk assessment), Art. 663b^{bis} and Art. 663c para 3 (transparency law) of the Swiss Code of Obligations are disclosed in section risk management on pages 128 to 131 and note 39 on pages 171 to 177 respectively.

[1] Shareholding of more than 3 percent.
[2] Included in share interests of Board of Directors and senior management.

Dividend-bearing share capital		2008		2007
Shares	Number	Million CHF	Number	Million CHF
Registered shares of CHF 2 par value	263,586,090	527.2	263,586,090	527.2
Total	**263,586,090**	**527.2**	**263,586,090**	**527.2**

Appropriation of retained earnings		2008	2007
	CHF	CHF	CHF
Retained earnings brought forward		78,957,743	137,511,293
Net income of the year		682,953,745	2,309,086,321
Retained earnings		**761,911,488**	**2,446,597,614**
The Board of Directors proposes to the annual general meeting of shareholders of May 7, 2009 in Dübendorf the following appropriation:			
Stock dividend[1]			
– Appropriation to share capital	(26,358,610)		
– Appropriation to ordinary reserve	(553,448,292)		
– Withholding tax on stock dividend	(14,193,098)		
Total dividend		**(594,000,000)**	**(867,639,871)**
Appropriation to free reserves		0	(1,500,000,000)
Balance to be carried forward		**167,911,488**	**78,957,743**

	2008	2007
	Stock dividend	Cash dividend gross
Dividend per share	CHF 2.25	CHF 3.30

Stock dividend

The Board of Directors proposes to the annual general meeting of shareholders of May 7, 2009 to create share capital of 5 percent of the current share capital (13,179,305 million new shares) to replace the cash dividend for the business year 2008 with a stock dividend.

Each registered share is alloted one tradable entitlement, whereas twenty entitlements will be exchanged into one new share for free. The exchange ratio has been set in line with Holcim's dividend distribution policy foreseeing a distribution of one third of the consolidated net income attributable to the shareholders of Holcim Ltd. The new registered shares are dividend bearing for the full financial year 2009.

[1] The proposed stock dividend amounts to CHF 594 million and consists of (a) the issuance of new shares for free resulting in an increase of the nominal share capital (CHF 26,358,610), (b) withholding tax payable on the created nominal share capital (CHF 14,193,098) and (c) an appropriation to ordinary reserve based on the theoretical value of the stock dividend.

To the General Meeting of Holcim Ltd, Jona

Zurich, February 27, 2009

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Holcim Ltd, which comprise the statement of income, balance sheet, change in shareholders' equity and notes presented on pages 190 to 195 for the year ended December 31, 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's Articles of Incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's Articles of Incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.
In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's Articles of Incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Dolensky	Willy Hofstetter
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

5-year-review Group Holcim

		2008	2007	2006	2005[1]	2004[1 2]
Statement of income						
Net sales	Million CHF	25,157	27,052	23,969	18,468	13,215
Gross profit	Million CHF	11,041	12,979	11,353	8,729	6,577
Operating EBITDA	Million CHF	5,333	6,930	6,086	4,627	3,588
Operating EBITDA margin	%	21.2	25.6	25.4	25.1	27.2
EBITDA	Million CHF	5,708	8,468	6,333	4,757	3,619
Operating profit	Million CHF	3,360	5,024	4,385	3,316	2,251
Operating profit margin	%	13.4	18.6	18.3	18.0	17.0
Depreciation, amortization and impairment	Million CHF	1,985	1,919	1,723	1,339	1,444
EBIT	Million CHF	3,723	6,549	4,610	3,418	2,175
Income taxes	Million CHF	663	1,201	1,078	865	510
Tax rate	%	23	21	28	33	31
Net income	Million CHF	2,226	4,545	2,719	1,789	1,128
Net income margin	%	8.8	16.8	11.3	9.7	8.5
Net income – equity holders of Holcim Ltd	Million CHF	1,782	3,865	2,104	1,511	889
Cash flow statement						
Cash flow from operating activities	Million CHF	3,703	5,323	4,423	3,405	2,622
Cash flow margin	%	14.7	19.7	18.5	18.4	19.8
Investments in property, plant and equipment for maintenance	Million CHF	1,104	1,043	1,062	879	755
Investments in property, plant and equipment for expansion	Million CHF	3,287	2,245	1,265	607	368
Financial investments in financial assets, intangible assets and other assets net	Million CHF	1,084	2,277	2,054	4,853	1,279
Balance sheet						
Current assets	Million CHF	9,994	10,372	9,747	8,849	7,396
Long-term assets	Million CHF	35,199	37,839	34,955	29,262	18,454
Total assets	Million CHF	45,193	48,211	44,702	38,111	25,850
Short-term liabilities	Million CHF	10,765	9,025	8,621	6,782	5,350
Long-term liabilities	Million CHF	16,454	17,241	17,356	17,079	9,839
Total shareholders' equity	Million CHF	17,974	21,945	18,725	14,250	10,661
Shareholders' equity as % of total assets		39.8	45.5	41.9	37.4	41.2
Minority interest	Million CHF	2,616	3,163	3,548	2,783	2,178
Net financial debt	Million CHF	15,047	12,873	12,837	12,693	6,846
Capacity, sales and personnel						
Annual production capacity cement	Million t	194.4	197.8	197.8	160.4	154.1
Sales of cement	Million t	143.4	149.6	140.7	110.6	102.1
Sales of mineral components	Million t	4.8	5.5	6.0	5.5	4.4
Sales of aggregates	Million t	167.7	187.9	187.6	169.3	104.2
Sales of ready-mix concrete	Million m^3	48.5	45.2	44.2	38.2	29.3
Personnel	31.12.	86,713	89,364	88,783	59,901	46,909
Financial ratios						
Return on equity[3]	%	10.4	22.8	15.8	15.1	11.6
Gearing[4]	%	83.7	58.7	68.6	89.1	64.2
Funds from operations[5]/net financial debt	%	28.0	50.2	34.6	24.6	37.6
EBITDA net interest coverage	×	7.6	11.0	6.8	6.0	6.8
EBIT net interest coverage	×	4.9	8.5	5.0	4.3	4.1

[1] Restated in line with IAS 21 amended.
[2] Restated in line with new and revised IFRS, effective January 1, 2005.
[3] Excludes minority interest.
[4] Net financial debt divided by total shareholders' equity.
[5] Net income plus depreciation, amortization and impairment.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document. Holcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

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Financial reporting calendar

Press and analyst conference on annual results for 2008	March 4, 2009
Results for the first quarter of 2009	May 6, 2009
General meeting of shareholders	May 7, 2009
Dividend distribution (ex date)	May 12, 2009
Half-year results for 2009	August 20, 2009
Press and analyst conference for the third quarter of 2009	November 11, 2009
Press and analyst conference on annual results for 2009	March 3, 2010

Holcim is a worldwide leading producer of cement and aggregates. Further activities include the provision of ready-mix concrete and asphalt as well as other services. The Group works in more than 70 countries and employs some 85,000 people.