Holcim

Strength. Performance. Passion.

Annual Report 2012 Holcim Ltd

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In May 2012, the Group launched the Holcim Leadership Journey initiative with the aim of increasing the return on invested capital to at least 8 percent after tax. A wide variety of measures will strengthen market and cost leadership and, taking the 2011 financial year as the base line, increase operating profit by at least CHF 1.5 billion by the end of 2014 under similar market conditions. The approximately 78,000 employees and leaders across all continents constitute the most important pillar of this initiative. Their engagement in volunteering in the local communities near our production sites to mark the centennial year demonstrates their enthusiasm and involvement for a common cause. More about these events can be found in this Annual Report.

Holcim has a stronger global presence than any other construction materials company in the world. With more than 2,000 production sites in almost all important mature and emerging markets, it is optimally positioned. The consistent pursuit of geographical diversification and its focus on growth markets strengthen the Group in the challenging economic environment.

Founded in 1912, Holcim is committed to global standards in terms of both production and distribution and also with regard to environmental and social responsibility. The local Group companies focus on optimum servicing of their customers.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Key figures Group Holcim

		2012	2011	±%	±% like-for-like
Annual cement production capacity	million t	217.5	216.0	+0.7	+0.7
Sales of cement	million t	148.0	144.3	+2.5	+2.0
Sales of mineral components	million t	4.8	5.1	–7.0	–7.0
Sales of aggregates	million t	159.7	173.0	–7.7	–8.5
Sales of ready-mix concrete	million m^3	46.9	48.4	–3.1	–3.2
Sales of asphalt	million t	9.1	10.3	–11.8	–11.6
Net sales	million CHF	21,544	20,744	+3.9	+4.1
Operating EBITDA	million CHF	3,984	3,958	+0.7	+0.9
Operating EBITDA adjusted[1]	million CHF	4,223	3,975	+6.2	+6.4
Operating EBITDA margin	%	18.5	19.1		
Operating EBITDA margin adjusted[1]	%	19.6	19.2		
Operating profit	million CHF	1,816	1,933	–6.0	–5.0
Operating profit adjusted[1]	million CHF	2,552	2,308	+10.6	+11.4
Operating profit margin	%	8.4	9.3		
Operating profit margin adjusted[1]	%	11.8	11.1		
EBITDA	million CHF	4,415	4,264	+3.6	
Net income	million CHF	1,026	682	+50.4	
Net income margin	%	4.8	3.3		
Net income – shareholders of Holcim Ltd	million CHF	622	275	+126.5	
Cash flow from operating activities	million CHF	2,682	2,753	–2.6	–1.8
Cash flow margin	%	12.4	13.3		
Net financial debt	million CHF	10,362	11,549	–10.3	–9.9
Funds from operations[2]/net financial debt	%	30.9	26.4		
Total shareholders' equity	million CHF	19,837	19,656	+0.9	
Gearing[3]	%	52.2	58.8		
Personnel		78,103	80,967	–3.5	–3.2
Earnings per share	CHF	1.92	0.86	+123.3	
Fully diluted earnings per share	CHF	1.92	0.86	+123.3	
Payout	million CHF	376[4]	325	+15.7	
Payout per share	CHF	1.15[4]	1.00	+15.0	

[1] Excluding restructuring costs.

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

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

[4] Proposed by the Board of Directors for a maximum payout of CHF 376 million from capital contribution reserves.

[5] Statement of income figures translated at average rate; statement of financial position figures at closing rate.

Principal key figures in USD (illustrative)[5]

		2012	2011	±%
Net sales	million USD	23,013	23,306	–1.3
Operating EBITDA	million USD	4,256	4,447	–4.3
Operating EBITDA adjusted[1]	million USD	4,511	4,465	+1.0
Operating profit	million USD	1,940	2,172	–10.7
Operating profit adjusted[1]	million USD	2,726	2,593	+5.1
Net income – shareholders of Holcim Ltd	million USD	665	309	+115.3
Cash flow from operating activities	million USD	2,865	3,092	–7.4
Net financial debt	million USD	11,324	12,273	–7.7
Total shareholders' equity	million USD	21,680	20,889	+3.8
Earnings per share	USD	2.05	0.97	+111.3

Principal key figures in EUR (illustrative)[5]

Net sales	million EUR	17,867	16,790	+6.4
Operating EBITDA	million EUR	3,304	3,203	+3.1
Operating EBITDA adjusted[1]	million EUR	3,502	3,217	+8.9
Operating profit	million EUR	1,506	1,565	–3.7
Operating profit adjusted[1]	million EUR	2,116	1,868	+13.3
Net income – shareholders of Holcim Ltd	million EUR	516	222	+132.0
Cash flow from operating activities	million EUR	2,224	2,228	–0.2
Net financial debt	million EUR	8,582	9,484	–9.5
Total shareholders' equity	million EUR	16,430	16,142	+1.8
Earnings per share	EUR	1.59	0.70	+127.1

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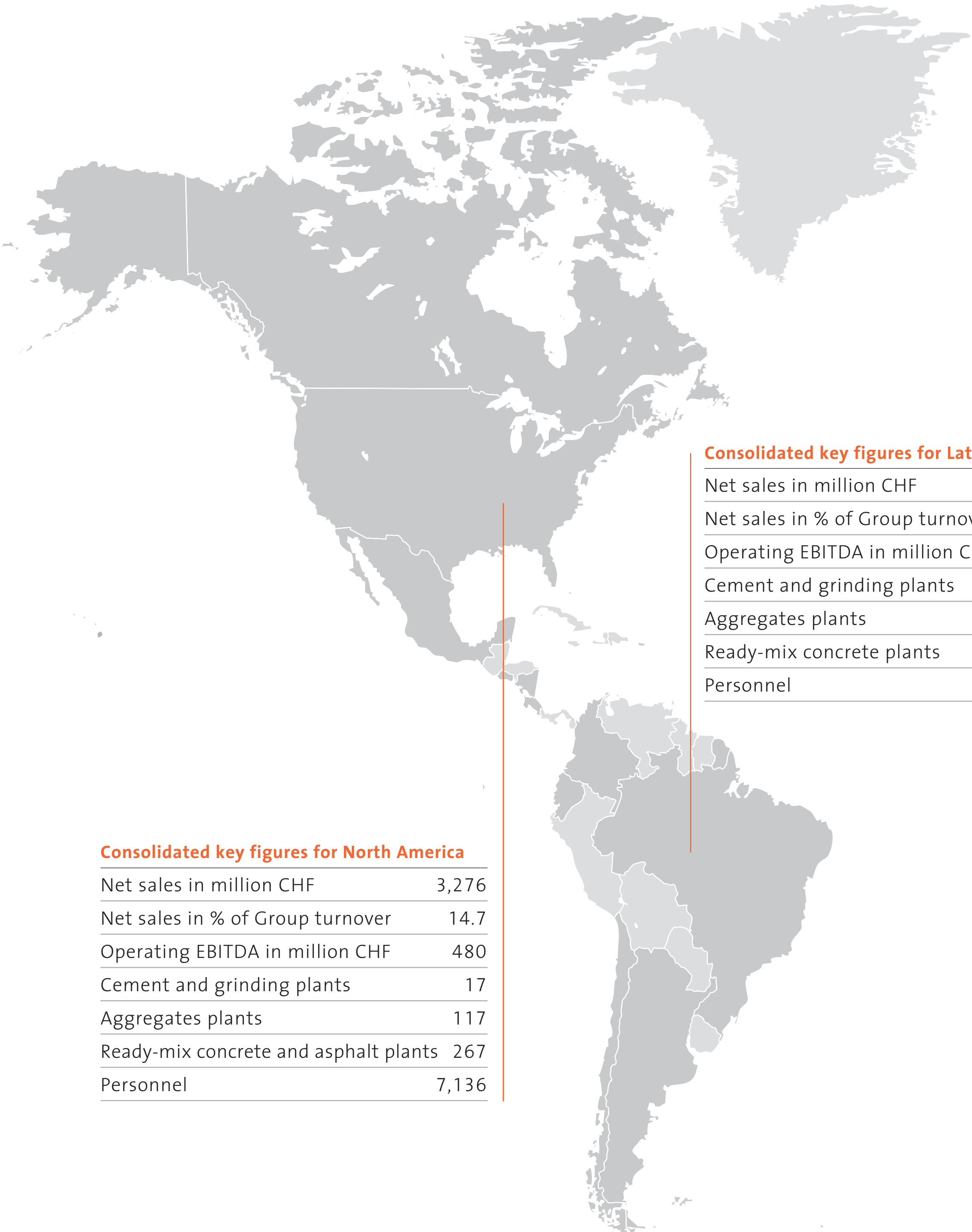
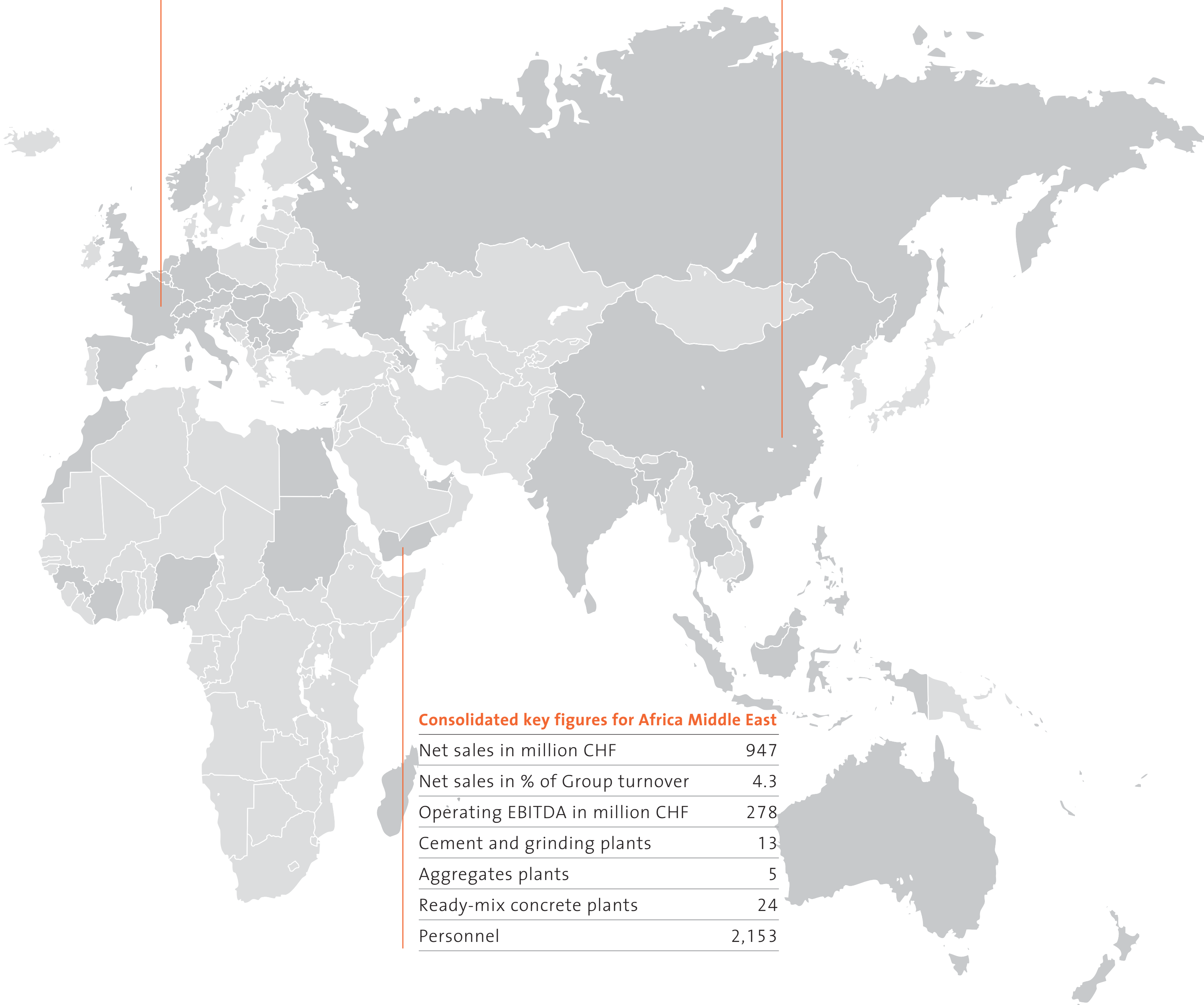
Higher net sales, operating EBITDA and net income



Consolidated key figures for Latin America	
Net sales in million CHF	3,490
Net sales in % of Group turnover	15.7
Operating EBITDA in million CHF	958
Cement and grinding plants	27
Aggregates plants	21
Ready-mix concrete plants	166
Personnel	11,765

Consolidated key figures for North America	
Net sales in million CHF	3,276
Net sales in % of Group turnover	14.7
Operating EBITDA in million CHF	480
Cement and grinding plants	17
Aggregates plants	117
Ready-mix concrete and asphalt plants	267
Personnel	7,136



Consolidated key figures for Europe

Net sales in million CHF	5,809
Net sales in % of Group turnover	26.1
Operating EBITDA in million CHF	627
Cement and grinding plants	36
Aggregates plants	239
Ready-mix concrete and asphalt plants	554
Personnel	17,924

Consolidated key figures for Asia Pacific

Net sales in million CHF	8,732
Net sales in % of Group turnover	39.2
Operating EBITDA in million CHF	1,876
Cement and grinding plants	55
Aggregates plants	88
Ready-mix concrete plants	374
Personnel	38,267

Consolidated key figures for Africa Middle East

Net sales in million CHF	947
Net sales in % of Group turnover	4.3
Operating EBITDA in million CHF	278
Cement and grinding plants	13
Aggregates plants	5
Ready-mix concrete plants	24
Personnel	2,153

Cement

Profile

Cement is manufactured through a large-scale, complex, and capital and energy-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 semifinished 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. However, the Group sees itself as a service provider that generates added value for its partners through the advice it gives and the customized solutions it delivers for specific construction projects.

Developments

In 2012, cement sales increased by 2.5 percent to 148 million tonnes. In addition, 4.8 million tonnes of other cementitious materials were sold. Deliveries were up in all major Group regions except Europe; here, only Russia and Azerbaijan posted significant increases in sales, partly also in connection with capacity expansion. The solid growth in cement demand seen in most emerging markets and the continued recovery in North America are very encouraging developments.

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 gaining importance at Holcim.

Developments

Sales of aggregates came to 159.7 million tonnes. Demand for crushed stone, gravel and sand diminished somewhat in Group region North America, as well as in Europe – where the majority of Group companies have a strong presence in this segment – due to the economic slowdown. In Asia Pacific, deliveries of aggregates could not – because of Australia – quite reach the previous year's level.

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 remained virtually stable at 46.9 million cubic meters. Group region North America recorded significant growth in ready-mix concrete sales. Europe suffered a substantial decrease in deliveries, and Asia Pacific, Latin America and Africa Middle East also reported a decline as at the end of the year, resulting from restructuring measures in four of five Group regions. The volume of asphalt sold was down to 9.1 million tonnes, with heavy decreases seen in the UK and USA.

Consolidated key figures for cement in 2012

Production capacity cement in million t	217.5
Cement and grinding plants	148
Sales of cement in million t	148.0
Net sales[1] in million CHF	14,191
Operating EBITDA[1] in million CHF	3,448
Personnel	51,364

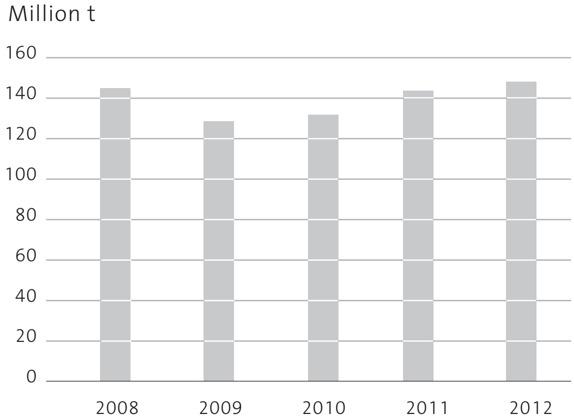
[1] Includes all other cementitious materials.

Consolidated sales of cement 2012 per region[1]

Asia Pacific	79.2 million t
Latin America	24.9 million t
Europe	26.3 million t
North America	12.0 million t
Africa Middle East	8.4 million t

[1] Inter-regional sales –2.7 million t

Sales of cement



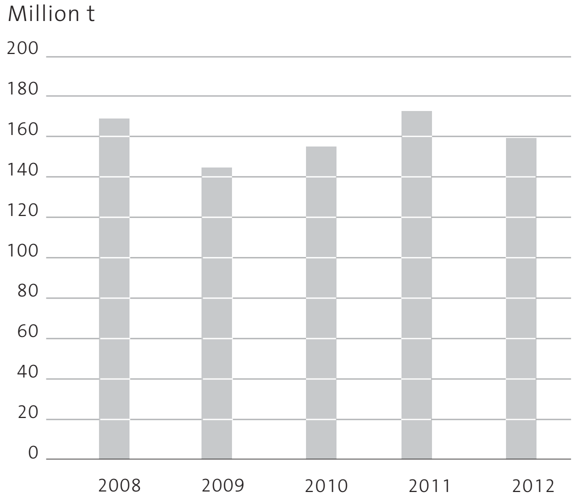
Consolidated key figures for aggregates in 2012

Aggregates plants	470
Sales of aggregates in million t	159.7
Net sales in million CHF	2,547
Operating EBITDA in million CHF	401
Personnel	6,435

Consolidated sales of aggregates 2012 per region

Asia Pacific	27.8 million t
Latin America	14.0 million t
Europe	74.3 million t
North America	41.3 million t
Africa Middle East	2.3 million t

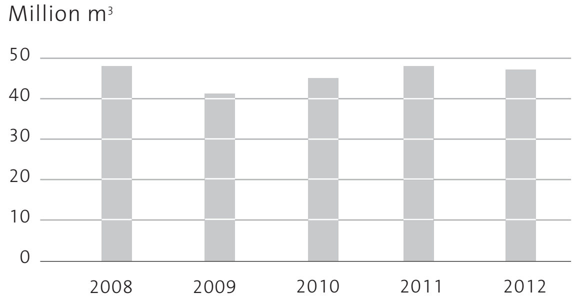
Sales of aggregates



Consolidated key figures for other construction materials and services in 2012

Ready-mix concrete plants	1,286
Asphalt plants	99
Sales of ready-mix concrete in million m^3	46.9
Sales of asphalt in million t	9.1
Net sales in million CHF	7,748
Operating EBITDA in million CHF	136
Personnel	20,018

Sales of ready-mix concrete



The economic environment in 2012 was characterized by growth in the emerging markets and North America on the one hand, and by declining demand in Europe on the other. Holcim achieved an increase in operating EBITDA and net income despite substantial restructuring costs. The Holcim Leadership Journey is well under way across the whole Group.

Dear Shareholder,

Better demand for building materials in the fast growing markets of Asia and Latin America as well as North America was in contrast to the low demand in debt and recession hit Europe in 2012.

The 2012 business year proved both eventful and, all in all, successful. The announced change in the Group's operational leadership took place in February, and the Executive Committee and senior management were further strengthened and rejuvenated over the course of the year. The Holcim Leadership Journey was launched at the Management Meeting in early May. This initiative will reinforce Holcim's customer excellence and cost leadership, as well as innovation, and secure the basis for further growth. The Group should also play an exemplary role in occupational health and safety. Efforts to achieve this include a new occupational health and safety management concept, increased dialog with international labor organizations within the framework of the World Business Council for Sustainable Development, as well as a reduction in the lost time injury frequency rate to less than 1, which would be an outstanding achievement.

In financial terms, the Holcim Leadership Journey aims to bring about a marked improvement in the return on invested capital for 2014. Operating profit is to be increased by at least CHF 1.5 billion, taking 2011 as the base year and assuming similar market conditions.

Restructuring measures strengthen the Group

Management faced challenges posed by the economic crisis in Europe. In order to be able to make the necessary adjustments quickly and smoothly, the organization of Group region Europe was streamlined. The region is now headed by a single Executive Committee member, together with three Area Managers. An analysis of Holcim's activities and prospects in the individual markets and segments led to plans for downsizing, streamlining and improvements in several countries. Substantial capacity adjustments took place in Spain and Holcim Germany reorganized its ready-mix concrete business. In Belgium, the intended closure of the Haccourt grinding station, in France – after the closure of the Ebange plant – the intended transformation of the Dannes plant and in Italy the intended transformation of the Merone plant into grinding stations were officially announced. These announcements always occurred within the framework of relevant consultations with the authorities and employee representatives. Overall, Holcim aims to reduce cement capacity in this Group region by around 10 percent to improve capacity utilization. Holcim also optimized capacities outside Europe: Clinker production was discontinued at Holcim Argentina's Yocsina plant, and aggregates and ready-mix concrete operations in Australia, Brazil and Mexico were adjusted in line with market conditions.

These restructuring decisions led to CHF 181 million in cash costs and CHF 457 million asset write-offs in the fourth quarter of 2012.

Higher turnover and operating EBITDA, significantly better net income and lower net debt

Despite the fact that volume growth was limited, Holcim succeeded in increasing net sales by 3.9 percent to CHF 21.5 billion and operating EBITDA by 0.7 percent to almost CHF 4 billion. Excluding the restructuring costs of CHF 239 million at the operating EBITDA level and CHF 736 million at the operating profit level, both figures increased on a like-for-like basis by 6.4 percent to CHF 4,223 million and 11.4 percent to CHF 2,552 million respectively. On top of the Holcim Leadership Journey, the Group achieved like-for-like growth at both operating EBITDA and operating profit level. These results are driven by a high degree of cost awareness on the part of our management and teams in production, distribution and administration. Also worthy of note are the successes achieved in passing on various higher costs to prices. The various streams of the Holcim Leadership Journey, which gained momentum from mid-year on, contributed on a net basis CHF 158 million to the improvements at consolidated operating profit level in the year under review.

The restructuring costs naturally also impacted Group net income. Nevertheless, it substantially increased compared to the previous year.

Holcim continues to have a strong balance sheet and an attractive debt to equity ratio. Net debt declined by CHF 1.2 billion or 10.3 percent to CHF 10.4 billion. This was also due in part to the sale of the minority interest in Cementos Progreso in Guatemala and of almost 10 percent of the share capital of Thai-based Siam City Cement Company. Holcim remains a strategic partner of Siam City Cement Company.

For further details please consult the Financial Information on pages 118 to 219.

Capacity expansion in growth markets continued

Demand for building materials grew further in the emerging markets of Asia and Latin America, and this is likely to remain the case over the coming years. Holcim aims to be part of this dynamic development and has several cement plant projects in the planning stage or already in progress.

In India, a new clinker plant with an annual production capacity of 2.8 million tonnes is scheduled for completion at ACC's Jamul site by the end of 2015. Several grinding facilities will be connected to the plant. Grinding capacity is also being increased in Sri Lanka and Bangladesh. Another strategically important market is Indonesia, where a cement plant with an annual capacity of 1.6 million tonnes is slated to come on stream in Java at the end of 2013. To satisfy rapidly growing market demand, it was decided to build a second, identical kiln line at the same site in Tuban by mid-2015.

Group region Latin America's expansion projects in the cement sector are focusing on Brazil and Ecuador. An additional facility at the Brazilian Barroso site will go on stream at the end of 2014, raising the total cement capacity of Holcim Brazil's plants to 7.6 million tonnes. In Ecuador, capacity expansion is also under way at the Guayaquil plant, where production capacity is set to increase by around 1.5 million tonnes of clinker by the end of 2015.

Innovation reinforces Holcim's market leadership

A faster pace of innovation is also an element of the Holcim Leadership Journey, with targeted areas along the entire value chain. Factors of strategic importance are innovative market solutions that combine products, services and novel business models, materials and processes to reduce CO_2 and energy, as well as greater use of waste materials in clinker production.

In this regard, Holcim also engages in intensive partnerships with universities and research institutes. The Holcim Foundation for Sustainable Construction plays a preeminent global role in the promotion of sustainability over the entire construction life-cycle.

A word of thanks to our customers, partners and staff

The most important element in the success of a company is customer satisfaction. Holcim therefore works hard to ensure a high level of delivery readiness, consistent product quality and innovative services. Customers responded positively to this in 2012. We extend our sincere thanks to them for a year of successful cooperation in 2012.

Dedicated, performance-driven partners and staff who input ideas are crucial. The Board of Directors and Executive Committee wish to express their gratitude to them for the skills and knowledge they contribute as well as for their engagement.

A special word of thanks goes out to the more than 2,000 local communities in the vicinity of Holcim sites throughout the world. Wherever we operate production facilities, we are reliant on establishing good relationships with the local population and authorities. To mark Holcim's centenary, Holcim employees performed the equivalent of more than 100 years of volunteer work to say thank you to the people living near the company's facilities. This year's Annual Report contains special reports highlighting the enthusiasm with which employees volunteered a day of their time for a good cause.

Payout

Holcim has established the principle that one-third of Group net income attributable to shareholders of Holcim Ltd should be distributed to shareholders. Since the write-offs booked to Group net income in 2012 do not affect the payout for 2012, a proposal will be put to the annual general meeting on April 17, 2013 that the amount of CHF 1.15 (2011: 1.00) per registered share be distributed. It will be paid from the capital contribution reserves and is subject to the corresponding provisions of Swiss tax legislation.

Outlook for 2013

Holcim anticipates an increase in sales of cement in 2013, but it will be challenging to reach the previous year's levels in the aggregates and ready-mix concrete businesses. While Group regions Asia Pacific, North America and Latin America are expected to witness higher sales volumes, Holcim is somewhat less optimistic with regard to Europe and Africa Middle East.

Turning to operating EBITDA and operating profit, the Board of Directors and Executive Committee expect a further improvement of margins. The Holcim Leadership Journey, which will gain further momentum in all streams as planned, will also contribute to this development. Under similar market conditions, significant organic growth in operating EBITDA and operating profit should be achieved in 2013.

Rolf Soiron
Chairman of the Board
of Directors

Bernard Fontana
Chief Executive Officer

February 27, 2013

"Together for Communities"

Holcim has a long history of serving the community and this is a key component of the Group's social responsibility. To mark the centennial celebrations, our Group companies and employees strongly reaffirmed their commitment to getting involved in the communities located close to production sites. By engaging in volunteering work, they sent out a clear signal and intensified the dialog with local communities.

The production of building materials is closely connected with the extraction of large quantities of raw materials, especially for the manufacture of cement and aggregates. The recovery of natural resources has a considerable impact on the environment, which is why, going back decades, Holcim has always attached a great deal of importance to maintaining a well-functioning dialog with local populations and decision-makers.

In order to reinforce this commitment, the Group launched the "Together for Communities" volunteering drive as part of its centennial celebrations. Many of our employees were encouraged by this project to actively participate in social programs. Their efforts are acknowledged in detail in this Annual Report.

Volunteering around the world

At the start of the centennial year, Holcim called on its roughly 78,000 employees to do volunteer work in their local communities, and so "give back" a total of some 100 years, as thanks for their longstanding cooperation. Ideas were needed which employees could develop and implement with their companies in collaboration with a wide variety of charitable organizations. The countless ensuing projects and assignments received financial and logistical support from Group companies across the globe.

Our employees responded to the call to serve with great energy and enthusiasm. New and exciting projects were implemented in all regions, and existing programs were strengthened.

100 years in the service of the community

The employees logged a total of more than 400,000 hours of volunteer work.

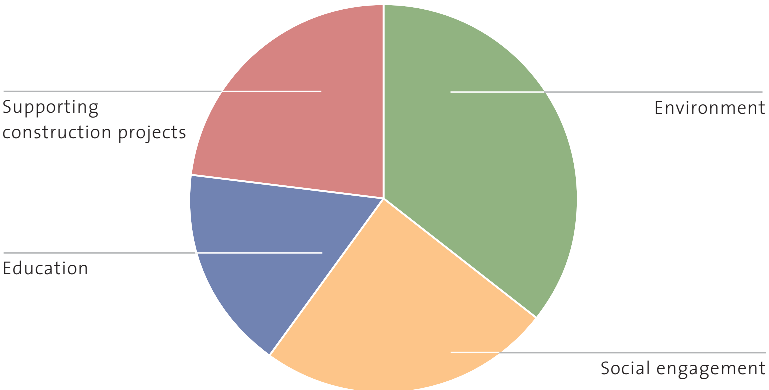
"It is very fulfilling to see the considerable passion and energy with which our employees heeded the call. They are not only showing great commitment to their local communities and to Holcim, but are also helping to strengthen our reputation. It is the same commitment that will also enable Holcim to successfully deliver on the Holcim Leadership Journey."

Holcim Ltd CEO Bernard Fontana

The list of volunteer and community service projects was long and diverse, including working with disabled people, assisting the sick and the elderly, or organizing sports events for a good cause, but also comprised tree planting, road repair and beach cleaning. A selection of examples can be found in this Annual Report structured in four main sections; environment, social engagement, education, and supporting construction projects. These four categories reflect the focal points of the locally chosen initiatives and also the priorities which arise from Holcim's business activities.

Our employees and Group companies also displayed plenty of creativity when it came to planning the projects. Holcim Canada, for instance, set up an internet microsite to allow local organizations to post their needs and wishes. Our Group companies in the Philippines and Ecuador recorded music videos to encourage employees to get involved in volunteering.

100 years of service to the communities



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Enthusiastic feedback

The numerous volunteering activities produced palpable excitement in all Group regions, proving a very rewarding experience for many of the employees that participated. A lot of employees emphasized how much they had learned from both a personal and a professional point of view, and that the good relations built up with the communities had been significantly enhanced.

For example, a volunteer who had helped construct a water reservoir in Vietnam was left deeply impressed. Many participants expressed the wish to volunteer again.

"The project opened my eyes to how effectively the villagers could be helped at relatively low cost."

Volunteer from Vietnam

Hundreds of communities worldwide benefited from the numerous schemes. For example, the students of a school near one of Holcim's facilities in Sri Lanka now enjoy newly refurbished classrooms. In China, the villagers of Weigou can once again travel in and out of town after volunteers from Huaxin Cement cleared the local highway of debris from a landslide. With the help of Holcim employee construction skills, residents of the Kraskov district of the Czech Republic finally have the small bridge over a local lake that they had wanted for years. Holcim volunteers in Lebanon participated in a major clean-up of Mediterranean beaches near the Chekka plant. The list goes on and on.

These good works did not go unnoticed. Holcim volunteering events were positively reported in the local and national media of many countries. Politicians and charitable organizations often expressed their gratitude as well. The mayor of a town in Montana in the US after Holcim volunteers refurbished a local park:

"The City of Three Forks is very appreciative of the generous donation of time and materials from Holcim."

Mayor of Three Forks, Montana, USA

In India, where Holcim joined with a local foundation for underprivileged children to organize a cricket event, the head of the foundation's sports department was enthusiastic about the partnership with Ambuja Cements: "The event really gave a boost to the children who took part."

Key success factors

Holcim produces cement, aggregates, ready-mix concrete, concrete products and asphalt at more than 2,000 production sites. As a globally active Group, Holcim has a presence in almost all important markets. A good two thirds of cement capacity is located in the rapidly growing emerging markets, particularly in Asia and Latin America.

Proven strategy supports current program to increase rate of return on invested capital

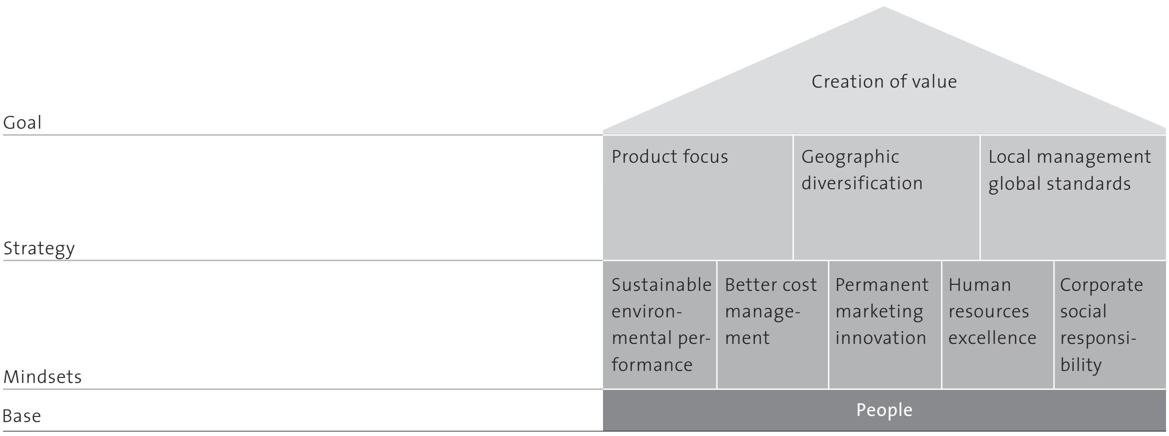
The Group's strategy is based on three principles of success: The focus on its core business of construction materials; targeted, broad-based geographical diversification; and a balance between global and local leadership. These principles have proven themselves in different economic environments and are complemented by a determination to respond decisively and rapidly to changes in business conditions. The Holcim Leadership Journey, launched in May 2012, is a good example of this. This Group-wide initiative aims to raise the return on invested capital (ROIC) to at least 8 percent after tax by the end of 2014. The operating profit should improve by more than CHF 1.5 billion compared to the base year 2011 and under similar market conditions. This initiative will confirm Holcim's position as the most attractive company in the building materials sector. For details, please see the following section.

Building materials as core business

Global population growth, high-density construction, and a higher aspiration level continue to generate steadily increasing demand for better infrastructure and housing, which require high-quality construction materials. In addition, in many areas there is a huge back-log of demand, in terms of both quantity and quality. These factors will continue to be important growth drivers for Holcim in the future.

The basis for Holcim's success over many decades is a clear product strategy with the focus on the production and distribution of cement and aggregates. A substantial portion of the added value provided is derived from the processing of natural resources such as limestone, clay and marl for cement production, and the quarrying and processing of crushed stone, gravel and sand. These are used primarily as important ingredients in concrete. As building materials are obtained from natural resources and cement production is energy-intensive, Holcim has for decades attached great importance to sustainable development. In this field, Holcim is a leading global company and has earned external recognition.

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.

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In addition to the cement and aggregates businesses, Holcim is also active in the ready-mix concrete, concrete products and asphalt businesses in mature markets and major urban areas. To ensure customer excellence, competent teams back up our product offering with a diverse range of services, product-specific consulting and innovative system solutions specially conceived for major projects. Tailored concepts for complex building projects are an important success factor. Holcim runs these business units not only as sales channels for cement, but as profitable operations. Therefore, these activities are regularly monitored and the local strategic added value optimized.

Global presence

Holcim operates production plants at more than 2,000 sites in around 70 countries on all continents. These include cement plants, aggregates operations, ready-mix concrete and concrete elements plants, asphalt facilities and platforms for the processing of alternative fuels and raw materials. This broad-based presence stabilizes Group earnings by smoothing out cyclical fluctuations in individual markets. While demand is weaker in Europe, the current high revenue streams from Asia Pacific and Latin America demonstrate the value of a balanced portfolio.

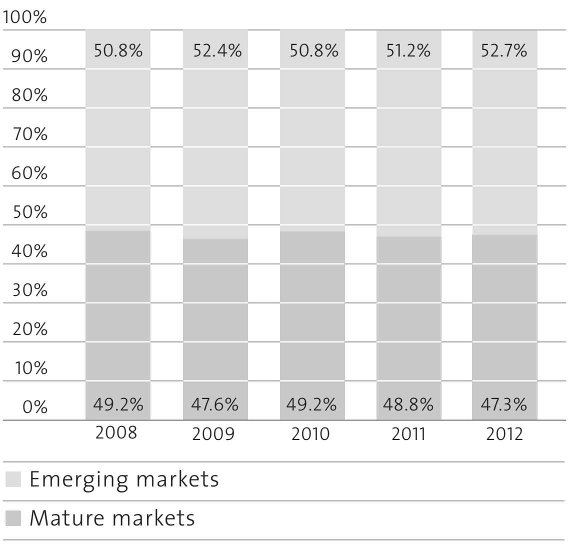
Through Holcim Trading, Holcim also occupies a leading position in international trading in cement, clinker, mineral components and various fuels. Holcim Trading offers a full range of trading services to third parties and the Holcim Group, mostly focusing on providing support for Group companies in the purchase and sale of these products on international markets.

In 2012, the emerging markets in Asia, Latin America, Eastern and Southeastern Europe and Africa Middle East accounted for 52.7 percent of Group net sales.

Net sales per region

Million CHF	2012		2011	
Asia Pacific	8,732	39.2%	8,001	37.4%
Latin America	3,490	15.7%	3,310	15.5%
Europe	5,809	26.1%	6,122	28.6%
North America	3,276	14.7%	2,987	14.0%
Africa Middle East	947	4.3%	959	4.5%

Net sales mature versus emerging markets



Occupational health and safety is everyone's responsibility

Occupational health and safety has the highest priority. As a consequence, the company focuses on the vision of "zero harm to people". The Occupational Health & Safety function reports directly to the Group CEO. Holcim considers severe accidents on its sites as unacceptable. The "Lost Time Injury Frequency Rate" should be reduced to and maintained at less than 1. Holcim wants to achieve this goal with the "Passion for Safety" initiative, through the commitment of all employees and in cooperation with their representatives and third-party contractors.

The most important risks, as outlined by the "Fatality Prevention Elements", will be monitored for those people most exposed.

Strong local management and clear delegation of responsibilities

Extracting raw materials, operating cement plants and distributing building materials is a local business. As a result, through their plants and facilities the individual Group companies are firmly anchored in their local environment. Most of their customers are also local or regional operations. Holcim puts great emphasis on delegating operational and business responsibilities extensively to the individual Group companies. However, the clearly formulated directives, which make up the Holcim Policy Landscape, must be applied and complied with Group-wide. In particular, this includes also the Group-wide standards of business behavior expected of all staff. Non-compliance with the Code of Conduct and violations of the Anti-Bribery & Corruption Directive automatically trigger disciplinary steps that can result in the termination of the contract of employment.

In Holcim's view, alongside occupational health and safety, the following areas are also of vital importance for the Group companies and are as such reflected in the goals of the Holcim Leadership Journey:

Customer excellence: Activities are centered on creating value in cooperation with the customer. Accordingly, Holcim offers its customers, besides various products, a comprehensive range of services depending on their construction projects. Innovations focus on all construction segments, but in particular on intensive construction materials needs for infrastructure projects.

Cost leadership: Operating cost targets are defined for each area of business. Their implementation is the responsibility of the individual Group companies, which receive support from the corporate staff units and from regional service centers.

Permanent people development: Holcim aspires to be an employer that can attract, motivate and retain talents and top leaders. Without good employees and qualified managers, no outstanding performance or high Group standards can be achieved. Therefore, staff at all levels undergo continuous internal and external training and development.

Sustainable development: Holcim's long planning horizons and dependence on natural resources make sustainable management a strategic necessity for the company. Therefore, in addition to the creation of economic value, Holcim also regards environmental performance and social responsibility as integral components of its overriding strategy; staff and managers receive intensive training in these fields.

Holcim's corporate culture: Holcim's corporate cultural values are lived out Group-wide and can be summed up in the motto "Strength. Performance. Passion."

Strategic expansion program in selected growth markets

The Group wants to grow for years to come. In the past, Holcim achieved this growth through acquisitions and also through building new plants or plant expansions, in particular in emerging markets. With the Holcim Leadership Journey, the Group will have the necessary funds to continue the capacity expansion program currently being implemented, and to grow profitably.

In the year under review no new major capacity expansion project came on stream in the cement segment.

This will change in 2013: In Tuban on Java in Indonesia a new cement plant with a capacity of 1.6 million tonnes a year will commence production. In Bangladesh the grinding capacity at the Meghnaghat plant near Dhaka will be increased by 0.7 million tonnes of cement; in Sri Lanka new grinding facilities will increase capacity by 0.6 million tonnes. At the same time Cement Australia will commence production at a new grinding plant with an annual capacity of 1.1 million tonnes in Port Kembla. In 2013 a new grinding plant with an annual capacity of 0.6 million tonnes of cement will come on stream at La Rochelle in France.

In 2014 a new capacity of 2.3 million tonnes of cement will be brought into operation at the Barroso plant in Brazil, and in Guinea new grinding facilities will increase capacity by 0.6 million tonnes.

Cement capacity expansion within the Group in million tonnes 2013 to 2015

Company	2013	2014	2015	Total
Holcim Indonesia	1.6		1.6	3.2
Holcim Bangladesh	0.7			0.7
Holcim Lanka	0.6			0.6
Cement Australia	1.1			1.1
ACC, India			2.3	2.3
Total Asia Pacific				**7.9**
Holcim Brazil		2.3		2.3
Total Latin America				**2.3**
Holcim France	0.6			0.6
Total Europe				**0.6**
Ciments de Guinée		0.6		0.6
Total Africa Middle East				**0.6**
Total Group	**4.6**	**2.9**	**3.9**	**11.4**

Finally, in 2015 a major facility with a combined cement capacity of more than 5 million tonnes will start up in India. As part of this project, a new plant at the Jamul site in the state of Chhattisgarh with an annual production capacity of 2.8 million tonnes of clinker will replace older plants at Jamul. At the same time grinding capacity at this site is also being replaced. Part of the clinker produced in Jamul is earmarked for the expanded Sindri grinding plant and for the new grinding plant in Kharagpur. This combined capacity expansion will further improve the efficiency of ACC. And by mid-year 2015, a second identical kiln line will come on stream in Tuban, Indonesia.

In Ecuador, a capacity increase of approximately 1.5 million tonnes of clinker will go on stream at the Guayaquil plant by the end of 2015.

Sustainability along the entire value chain

The goal of the Holcim Foundation for Sustainable Construction, established in 2003, is the promotion of a lively discourse about sustainable construction around the globe.

The Foundation's two key activities are the international Holcim Forum and the global competition held every three years. The forum and the competition are outstanding platforms for motivating architects, engineers, builders and their clients to adopt a sustainable construction approach as well as creating contacts between the Holcim Group and its partners. The Holcim Foundation, as a recognized institution in its field of activity, can rely on an extensive network of experts.

In 2012, the third competition cycle reached its pinnacle. Of the 6,000 entries received, some 2,200 projects from 126 different countries passed the preliminary tests on all competition criteria. This selection was then assessed by five independent regional juries. Only those projects which had won a regional award qualified to enter the final round to compete for the global awards. The distinguished global jury chaired by Mexican architect Enrique Norten came to the final decisions:

Gold went to a school under construction in Gando, in central Burkina Faso

Silver was won by a project for a music school in the Paraisópolis district of São Paulo, Brazil

Bronze went to a project for a swimming pool in an unused arm of the River Spree in Berlin, Germany, which should be renaturalized.

The winners received their awards at special ceremonies held on several continents. Further events and various publications introduced the prizewinners' innovative projects to a wider public.

More information on the Holcim Foundation and all award-winning projects can be found at www.holcimfoundation.org.

Holcim Leadership Journey

Measures taken as part of the Holcim Leadership Journey will increase the return on invested capital to at least 8 percent after tax by the end of 2014. This corresponds to an increase in operating profit of at least CHF 1.5 billion. Thus, Holcim will again fully generate its cost of capital, improve its balance sheet and also be able to solidly finance further growth. The program was launched Group-wide in May 2012 and early initiatives started to contribute CHF 158 million to operating profit on a net basis.

The Holcim Leadership Journey was presented and launched at the internal Management Meeting in May 2012. The aim of the program is to increase the Group's return on invested capital to at least 8 percent after tax by the end of 2014. With various measures in clearly defined areas of activity, consolidated operating profit will be improved by at least CHF 1.5 billion compared to the base year 2011 under similar market conditions. Thanks to the Holcim Leadership Journey, Holcim will again fully generate its cost of capital and create the basis for further growth.

At the forefront is the optimization of products and services to generate greater customer excellence. In addition, a large bundle of cost-cutting measures will improve efficiency along the whole value chain.

The Holcim Leadership Journey is a combination of top-down and bottom-up targets for specific business areas. Many projects have already been launched across the globe. A dedicated internal fund was created to finance fast return capital expenditure. Due to the wide scope of the program, a Project Management Office was created at Group level. This unit is responsible for the central program management, including monitoring and reporting as well as the coordination of global streams with the regions and Group companies. It challenges performance and ensures that the Group companies have access to the Group’s entire know-how and the appropriate resources for implementing the program.

The value strategically targeted and generated by the Group is no longer measured primarily in terms of operating EBITDA, but rather also via operating profit and the return on invested capital.

Concept for enhancing profitability

The two main components of the Holcim Leadership Journey are customer excellence and cost leadership. The basic prerequisites of all activities are employee related: Occupational health and safety, and the professional and individual development of employees and leaders. Progress in all of these areas will enable the Group to achieve its profitability target and generate the resources needed for the Group's continued growth.

Occupational health and safety with highest priority

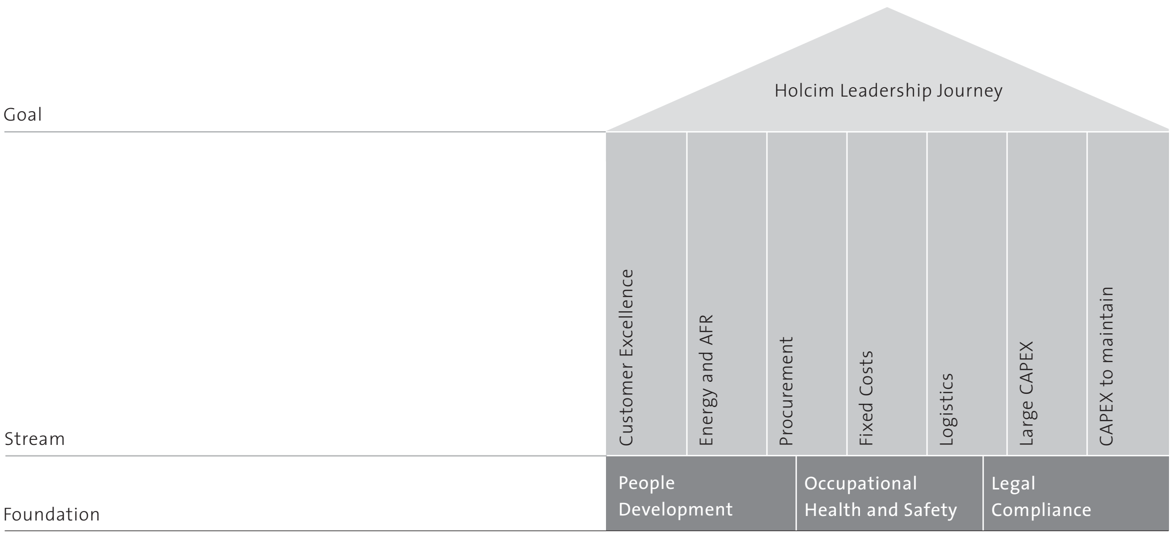
Holcim gives the highest priority to occupational health and safety. An excellent record in this area is considered as an indicator of the quality of management. Our goal is to reduce the lost time injury frequency rate to less than 1 in 2013, which will represent an outstanding performance. For developments in occupational health and safety please see pages 53 and 54 in this report.

Customer first

Holcim attaches particular importance to a consistent focus on customer needs and creating genuine value for the customer. Differentiated programs optimize customer management know-how and improve measurement of service delivery. Market analysis, brand management and value creation for our customers take center stage. A well-defined differentiation of Holcim's offering will contribute to building market participants' perception of our products and services as customized solutions rather than bulk goods in several market and segments. Holcim initiated this transformational process with initial positive results. The financial contribution to the 2012 operating profit amounts to CHF 31 million on a net basis.

Of great importance is the drive for permanent innovation, as well as anticipating customer requirements on the basis of technological and social trends. For further details, please see the chapter on innovation, pages 42 to 45 in this report.

The Holcim Leadership Journey Model



Reducing costs

Cost leadership is the second component of the Holcim Leadership Journey. Potentials were identified in the areas of energy management, logistics, procurement, and fixed costs. For fast return capital expenditure in the energy area, an internal fund was put in place. In 2012, cost savings totaling CHF 127 million were achieved. The program is expected to produce cost savings of more than CHF 1 billion by the end of 2014.

Energy management: Energy management concentrates on optimizing the energy mix and on improving energy efficiency in production, in particular in the manufacture of cement. This sometimes requires specific investments. Other measures promote the use of alternative fuels and raw materials. To ensure that this is environmentally compatible and safe, the internal certification ACERT (AFR certification) was created for all AFR preparation platforms in the Group. Moreover, Holcim has launched the STAAR program (strategic and technical assessment of the AFR business) with a view to further optimizing the use of such materials. Of the total targeted energy savings of at least CHF 300 million by the end of 2014, cost savings of CHF 40 million were achieved in the period under review on a net basis.

Logistics: The planned improvements in logistics will be achieved primarily through local initiatives, as the associated challenges and opportunities differ highly case by case. A Group-wide target has been set for savings in this area of at least CHF 250 million by the end of 2014. Accordingly, the corporate staff units provide support amongst others through the permanent exchange of best practices. To date, considerable time has been spent on diagnostics of our logistics performance, defining initiatives as well as implementing tools such as GPS in trucks. At this stage, this has not yet triggered a positive contribution but has prepared the ground for reaping respective benefits.

Procurement process: Procurement costs are of strategic importance in the capital-intensive building materials industry. Holcim seeks to fully utilize its corporate size to streamline the pooling of procurement wherever this makes financial sense. The goal is to increase centralized volume pooling from only about 9 percent of procurement today to around 30 percent by the end of 2014. Therefore, a transformation process was initiated: global and regional councils are steering procurement activities. Of the projected savings potential of at least CHF 250 million by the end of 2014, CHF 48 million were achieved in the year under review on a net basis.

Fixed costs: Holcim has long attached great importance to the optimization of fixed costs. Current economic conditions call for a further reduction in fixed costs. The target is fixed costs savings of at least CHF 200 million by the end of 2014. Significant restructuring took place in various important markets. These laid the foundations for achieving the targeted cost savings. In the year under review, savings of CHF 39 million were achieved on a net basis.

To realize this, one-off cash costs of CHF 239 million have been recorded in 2012. This is above the initial estimate as a result of faster and broader implementation.

Total cost of ownership of new capacity

Cost reductions in the provision and use of production facilities is a key cost leadership driver in a capital intensive Group with high investment volumes. The Holcim Leadership Journey is to reduce the so-called total cost of ownership per tonne of new capacity by 20 percent. This target will be achieved by broadening the supplier base, reviewing standards of noncritical equipment – without in any way compromising product quality, OH&S and environmental compatibility – and better contract negotiations. As this process cannot be applied to current capacity expansion projects, the potential that exists will be fully exploited in the realization of new capacity expansion projects.

Generation and development of employees and leaders

The core efforts of the Holcim Leadership Journey are focusing on Holcim's employees and leaders at all levels. They have to implement all the program initiatives and are responsible for their success. Accordingly, Holcim seeks to foster a working environment in which all can and want to strive for the best performance. For more details, please see the section on human resources, pages 59 to 61.

In this context, Holcim has also revised and improved its remuneration system. Not only have the relevant incentives for senior management been adjusted, but it was also decided to align the performance related compensation of more than 1,000 managers. In this way Holcim is making the Holcim Leadership Journey the focus of the entire organization.

Measurement and improvement of operating performance

Holcim measures and objectively compares operating performance across all fields of activity in the Group, systematically strives for improvement and quickly takes corrective measures where necessary. Many years ago, Holcim began systematically recording changes in the performance of Group companies in the cement segment both in absolute terms and in comparison with all other Group companies. There is now also a similar Group-wide system of measurement and comparison in place for aggregates and ready-mix concrete.

As part of the Holcim Leadership Journey in 2012, further instruments were introduced to complement these two systems. They facilitate exhaustive, systematic and comparable tracking of progress achieved versus the defined targets.

Holcim restructures

To improve capacity utilization rate and production efficiency, restructuring measures were initiated and in many places executed, primarily in Europe but also in Latin America and Oceania. These measures accelerate the implementation of the Holcim Leadership Journey. As a consequence, the anticipated cash costs of a total of CHF 200 million until 2014 were already exceeded in 2012.

Savings in million CHF	2012 planned	2012 realized	Total by end of 2014
Increase in customer excellence[1]	>50	31	>500
Cost leadership[1]	>100	127	>1,000
Energy and alternative fuels		40	>300
Logistics		0	>250
Procurement process		48	>250
Fixed costs		39	>200
Total increase in operating profit[1]	>150	158	>1,500
One-off cash costs to achieve program targets	<80	239	<200
Additional CAPEX net	0–40	30	100–180
Asset write-offs[2]	–	497	–

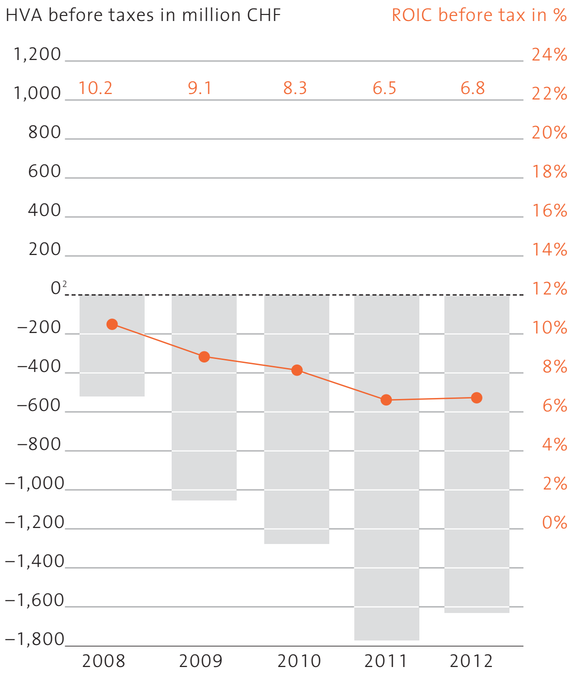
[1] On a net basis.
[2] Only restructurings in connection with the Holcim Leadership Journey.

Value-added performance 2012

The base line for measuring the success of the Holcim Leadership Journey is the operating profit in the 2011 financial year, excluding one-off charges for write-offs. In absolute figures, the base operating profit for comparison purposes in the 2011 financial year is CHF 2,308 million. After adjusting for one-off charges for restructuring (cash costs and write-offs), the like-for-like operating profit amounted to CHF 2,572 million. Of this, the Holcim Leadership Journey streams account for CHF 158 million on a net basis. Holcim is thus on the right path to meet its 2014 target.

Despite the challenging economic environment, particularly in Group region Europe, Group return on invested capital ($ROIC_{BT}$) adjusted for restructuring costs rose by 1.3 percentage points to 8.8 percent in 2012 thanks to the efforts undertaken within the Holcim Leadership Journey.

Holcim Value Added (HVA)[1]



[1] Excluding cash and cash equivalents.
[2] WACC before tax of 11.76 percent.

Operating EBITDA margin	Target	2012	2011
Cement	33%	24.3%	24.3%
Aggregates	27%	15.7%	20.7%
Other construction materials and services	8%	1.8%	2.5%

Segment-specific margin targets

Holcim has defined specific operating EBITDA margin targets for each segment. Specific targets for the Holcim Leadership Journey streams have now been added.

The higher expenditure on raw materials, transport and energy squeezed the cement margin in 2012. However, price increases, efficiency gains, the commissioning of new plants with favorable cost structures, and the Holcim Leadership Journey were able to balance the negative effects. On balance, the operating EBITDA margin in the cement segment was 24.3 percent, and was on the same level as the previous year despite the recording of special effects. The operating EBIDTA margin for aggregates was 15.7 percent (2011: 20.7). The operating EBITDA margin of the other construction materials and services segment declined to 1.8 percent (2011: 2.5).

Organization and management

Holcim streamlines Group organization.

Efficient management and control
Holcim's corporate governance policy – the management processes, the organization and the monitoring of its top management, as well as business policy principles and internal and external control mechanisms – intends to clearly delineate responsibilities, and to ensure transparent and sustainable value creation. The Group's credibility and reputation relies on confidence among investors, business partners, employees and the public at large. Holcim's corporate governance is continually adapted in line with important developments.

The internal control system (ICS) for the presentation of the annual financial statements, conforming to the requirements of Art. 728a of the Swiss Code of Obligations and Swiss Auditing Standard 890, has proved to be sound. It goes beyond financial control and increasingly also covers areas to do with questions of business ethics and integrity. Holcim is one of the Swiss companies to sign up to the ten principles of the UN Global Compact on human rights, labor, the environment and anti-corruption.

Code of Conduct
Issued by the Board of Directors and the Executive Committee, the Code of Conduct defines Group-wide standards of business behavior for all employees. The Code of Conduct can be found on our website under www.holcim.com.

Each Group company is responsible for incorporating the principles of the Code of Conduct into employee-related contracts and training activities. Non-compliance with the rules will not be tolerated and will result in disciplinary measures, which could go in certain circumstances as far as termination of the employment relationship.

Value creation in a competitive environment
Among other things, the Code of Conduct requires strict respect for the rules of competition and anti-corruption. Here, Holcim has a zero tolerance policy. Measures have been introduced to ensure that the Group companies comply with the applicable legislation and the relevant regulations. These include a centrally coordinated training program and instructions on good business conduct in line with modern competition and anti-corruption law. Training and support materials are continuously updated in line with the latest developments in competition and anti-corruption law.

Board of Directors

Rolf Soiron
Chairman,
Chairman of the Governance & Strategy Committee

Beat Hess
Deputy Chairman

Erich Hunziker
Deputy Chairman,
Chairman of the Nomination & Compensation Committee

Markus Akermann

Christine Binswanger

Alexander Gut

Peter Küpfer
Chairman of the Audit Committee

Adrian Loader

Andreas von Planta

Wolfgang Reitzle

Thomas Schmidheiny

Dieter Spälti

Secretary of the Board of Directors

Peter Doerr

Executive Committee

Bernard Fontana
Chief Executive Officer,
Africa Middle East

Thomas Aebischer
Chief Financial Officer

Paul Hugentobler
South Asia and ASEAN excl. Philippines

Roland Köhler
Europe excl. UK

Andreas Leu
Latin America

Bernard Terver
North America and UK

Ian Thackwray
East Asia, China, Philippines, Oceania, International Trade

Area Management

Horia Adrian

Javier de Benito

Urs Fankhauser

Aidan Lynam

Onne van der Weijde

Kaspar E.A. Wenger

Corporate Functional Management

Urs Bleisch

Jacques Bourgon

Auditors

Ernst & Young AG

Management Structure

See organizational chart on pages 38 and 39.

Changes

See also Corporate Governance on page 85 ff.

Status as at February 27, 2013.

The Executive Committee from left to right: Thomas Aebischer, Roland Köhler, Bernard Fontana, Andreas Leu, Bernard Terver, Ian Thackwray, Paul Hugentobler.

At the 2012 ordinary general meeting, Wolfgang Reitzle was elected to the Board of Directors of Holcim Ltd. He is a German citizen, studied engineering and economics at the Technical University of Munich, and holds a degree and a PhD in mechanical engineering. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed regular member of the Executive Board, responsible for research and development. In 1999, Wolfgang Reitzle took over as CEO of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and became CEO in 2003.

Board members Adrian Loader, Thomas Schmidheiny and Dieter Spälti were confirmed in office for a further term of three years by the 2012 general meeting. At the same general meeting, the Chairman of the Board of Directors bade farewell to Wolfgang Schürer, member of the Board of Directors since 1997, and Markus Akermann, as CEO of Holcim Ltd, who began his career with Holcim in 1978. The Chairman explicitly thanked both for their valuable service.

With effect from February 1, 2012, Bernard Fontana assumed the office of CEO at Holcim Ltd. He is a French national. Bernard Fontana holds degrees in engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. His career began with Groupe SNPE in France. In 1998, he was appointed head of US operations, and from 2001 to 2004 was a member of the Management Committee in charge of the Chemicals and Industrial Explosives activities of the Group. Shortly after joining ArcelorMittal in 2004, he was appointed head of HR, IT and Business Development at Flat Carbon. From 2006 to 2007, he was a member of the Executive Committee of ArcelorMittal with responsibility for the entire automotive supplier industry. In his capacity as Executive Committee member, he was subsequently responsible for HR and the global alliance with Nippon Steel. From 2010 to the end of 2011, Bernard Fontana was CEO of Aperam, a Luxembourg-domiciled listed corporate group spun off from ArcelorMittal in fall 2010.

As part of the Holcim Leadership Journey, the Group announced a more streamlined Group organization with effect from September 1, 2012:

Group region Europe (excluding UK) has been placed under the leadership of Executive Committee member Roland Köhler, previously CEO of Holcim Group Support Ltd (CV see page 101). He is assisted by three Area Managers, namely Horia Adrian for Eastern and Southeastern Europe, including CIS/Caspian Sea, Urs Fankhauser for Western Europe (excluding UK), and Kaspar E.A. Wenger for South Germany, Switzerland and Italy (CVs see pages 103 and 104).

Group region North America and the UK now report to Bernard Terver, who has been appointed a member of the Executive Committee (CV see page 102).

As Area Manager, Javier de Benito (CV see page 103) now has management responsibility for region Africa Middle East, including the market positions in West Africa and the Arabian Gulf, which were previously managed by Holcim Trading. He also looks after Holcim's interests in South and East Africa. Javier de Benito reports directly to the CEO of Holcim Ltd.

In addition to East Asia, China, the Philippines and Oceania, Executive Committee member Ian Thackwray (CV see page 102) is also responsible for Holcim Trading.

There were no changes in the areas of responsibility of Executive Committee members Paul Hugentobler and Andreas Leu.

The corporate functions of Holcim Group Support Ltd, which supports the program of strengthening the Group's market excellence and cost leadership, have been merged under the newly appointed Corporate Functional Manager Urs Bleisch (CV see page 105).

Effective September 1, Urs Böhlen resigned from the Executive Committee, and assisted the CEO of Holcim Ltd in an advisory capacity until his retirement at the end of 2012. Executive Committee members Benoît-H. Koch and Patrick Dolberg have left the company.

Line and functional management responsibility

Holcim's hierarchical structures are flat and its divisions of responsibility clearly defined, both at Group level and in the individual Group companies, to ensure expert knowledge and cost awareness, and to support the fast implementation of new processes or standards.

The operating units in around 70 countries fall under the line responsibility of individual Executive Committee members, who are assisted by Area Managers and Corporate Functional Managers. If our Group companies are to strengthen their cost and market leadership in their markets, they need entrepreneurial room for maneuver as well as support from the Group in the form of specific know-how and predefined parameters. The Group's managers, the regions, the countries and local sites are assisted by service centers at the regional level and by central corporate staff units at the global level. In the year under review, in line with the Holcim Leadership Journey (see pages 26 to 31), these functions focused more intently on generating added value throughout the entire Group. Striking the balance between local competence on the one hand, and the appropriate support or intervention from Group headquarters on the other, is a permanent challenge.

The mandate of Holcim Group Support Ltd was expanded in 2012 to consistently strengthen the focus of all Group companies on efficiency improvement. The promotion of innovation and knowledge sharing will also play a greater role within the Group.

In this context, an industrial franchise fee was introduced with effect from January 1, 2013. The fee simplifies the collaboration between the Group companies and the relevant corporate staff units. An important aspect is to ensure that the central functions are more precisely focused on optimizing operations and enhancing customer excellence. All corporate staff units active in these areas have been merged into Holcim Technology Ltd with effect from January 1, 2013. The remaining corporate staff units now operate as part of Holcim Group Services Ltd.

Business Risk Management identifies risks and opportunities

Business Risk Management supports the Board, the Executive Committee and the management teams of the Group companies. Its aim is to systematically recognize major risks as well as opportunities. In focus are a wide range of different internal and external risk types in the strategic, operating and financial sectors. Besides the Group companies, the Executive Committee and the Board are also involved in the assessment process.

Identified risks are evaluated, countermeasures proposed and implemented at the appropriate level. The Group's risk profile is assessed both top-down and bottom-up. The Board of Directors receives regular reports on important risk analysis findings and is provided by updates on the measures taken (see also pages 91 and 92).

Internal Audit as an important monitoring instrument
Internal Audit is an independent body. It 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 matters, 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 operating assets are safeguarded

Focus on joint objectives
To achieve the corporate goals and added value it is aiming for, the company systematically measures performance. The compensation systems are designed to motivate management to perform above average and to consistently high standards. A standardized, variable compensation system has been in place for our most senior executives. Salaries are calculated not only on the basis of financial objectives, but also in light of individual goals (see also compensation report on pages 106 to 116). 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 shared focus on a long-term increase in the Group's performance and value.

Organization Chart

Status as at
February 27, 2013.

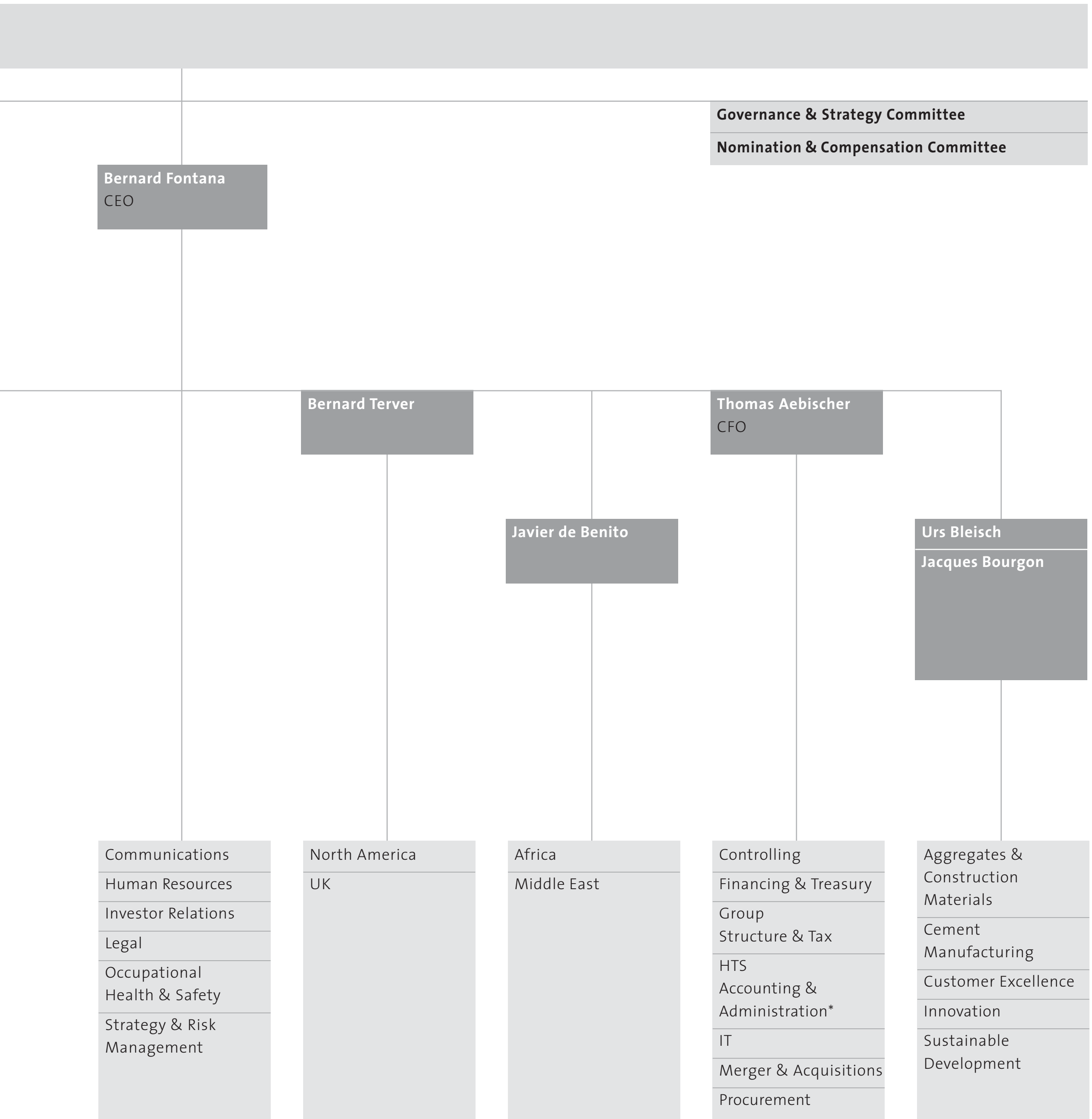
Board of Directors Holcim Ltd

Audit Committee

Internal Audit[1]

Executive Committee	**Paul Hugentobler**	**Ian Thackwray**	**Andreas Leu**	**Roland Köhler**
Area Managers/ Corporate Functional Managers	**Aidan Lynam** **Onne van der Weijde**			**Horia Adrian** **Urs Fankhauser** **Kaspar E. A. Wenger**
Line and functional responsibility	South Asia ASEAN[2]	East Asia[3] Oceania Holcim Trading	Latin America	Europe[4]

[1] Internal Audit reports to the Chairman of the Board of Directors.
[2] Excluding Philippines.
[3] Including Philippines.
[4] Excluding UK.
*Ad interim.


Governance & Strategy Committee
Nomination & Compensation Committee
Bernard Fontana
CEO
Bernard Terver
Thomas Aebischer
CFO
Javier de Benito
Urs Bleisch
Jacques Bourgon
Communications
Human Resources
Investor Relations
Legal
Occupational Health & Safety
Strategy & Risk Management
North America
UK
Africa
Middle East
Controlling
Financing & Treasury
Group Structure & Tax
HTS Accounting & Administration*
IT
Merger & Acquisitions
Procurement
Aggregates & Construction Materials
Cement Manufacturing
Customer Excellence
Innovation
Sustainable Development

Volunteering for communities
Environment

Producing construction materials requires natural resources. For this reason Holcim focuses on environmentally sound production processes. Protecting the environment was also an important part of the "Together for Communities" project – the community volunteering initiative carried out by Holcim employees.

Producing cement is by its nature an energy-intensive process requiring large quantities of natural resources. For this reason Holcim has for many years focused on sustainable production processes, developing efficient, environmentally friendly plants in order to reduce energy and resource use as well as cut costs.

The Group encourages environmental awareness globally, and employees are well aware of the issues. This is one of the reasons why environmentally related projects played such a central role during the "Together for Communities" initiative. By putting in some 145,000 hours of volunteering to protect the environment, countless employees showed just how important the subject is to them.

Sustainable growth through planting

Of all the environmentally related activities during the centennial, tree planting was particularly popular as it has a long-term positive environmental impact, beautifies the landscape, improves air quality and halts erosion. As a symbolic act, planting a tree also signifies a commitment to sustainability, and it is relatively easy to do.

On an island in Indonesia, volunteers planted mangroves, helping prevent erosion and support an ecosystem for fish. To protect residents living near a train station in Russia from noise and dirt, volunteers planted trees and bushes. Holcim Serbia carried out a countrywide "100 trees for 100 years" activity. In Lebanon, Colombia, the US, Mexico, and the Czech Republic, reforestation projects were also part of the centennial activities.

Cleaning coastlines and removing garbage

The cleaning of beaches and waterways was another important environmental volunteering theme. In Lebanon, employees took part in several activities to beautify the Mediterranean coast. This included a "Big Blue Day" in May 2012 to clean the beach near a Holcim plant. Similar projects took place in Croatia, Nicaragua, La Réunion, India and Qatar.

In several countries employees cleaned riverbanks, for example along the Volga in Russia and the Mississippi in the US. Comparable activities took place in the Czech Republic, China, Canada, Romania, and many other countries.

In many regions, major cleaning projects also took place along highways and streets. In the US, employees from the Midlothian plant collected and properly disposed of garbage from local roads. In Canada, 13 Holcim volunteers removed debris and trash from an interchange. Their work garnered praise from the Ontario Ministry of Transportation.

Raising awareness

Conservation was a frequent volunteering goal as well. In the UK, volunteers from Aggregate Industries spent a day clearing Bardon Hill of invasive trees and shrubs. In Switzerland near Holderbank in Canton Aargau, dry stone walls were constructed to provide a sanctuary for lizards and small reptiles.

Raising environmental awareness also got a lot of attention during the centennial year. A notable example was the Environmental Day for 450 primary school children carried out by Holcim Hungary and WWF Hungary. The goal of the day in the forest was not just to bring the children closer to nature, but also to raise consciousness at an early stage of their development about sustainable use of resources.

Innovation – value creation through new solutions

Innovation is a key factor for long-term success in a competitive environment. In this respect, the focus of the Holcim Leadership Journey lies on customer excellence and cost leadership.

In the construction industry, customer needs are influenced by societal and industrial megatrends. This includes rapid global urbanization, increasing scarcity of resources, climate change and the growing importance of a knowledge-based economy.

The assessment of different trend analyses laid the foundation for Holcim's innovation strategy.

This strategy aims to:
Meet **customer needs** exceptionally well along the whole value chain.
Improve **sustainability** over the whole lifecycle of buildings.
Maximize **cost efficiency** in the supply chain.

Innovation will contribute to the success of the company in a competitive environment. With its innovative products and solutions, Holcim can fulfill the permanently changing demands of customers, society and other stakeholders.

Collaborative organization to drive innovation
In order to exploit Holcim's existing innovation potential, an integrated and interdisciplinary innovation organization has been created. A specialized innovation function at corporate level promotes cooperation across the whole Group and supports fast multiplication of best practices. This function is supported by several subject-specific committees.

The innovation committee focuses on guiding innovation processes and building an innovation culture – and it assures alignment with the Group's strategy. It is supported by external experts.

The Holcim Foundation for Sustainable Construction promotes the global debate on sustainable construction. Last year, it also awarded innovation prizes for sustainable building practices for the first time.

To underline the importance and value of innovation, in 2012 Holcim established an innovation fund, supporting internal projects that show innovativeness and a strong potential for multiplication and attractive value creation across the Group.

The six innovation fields of Holcim

	1. Integrated market solutions	2. New materials/ functionalities	3. Low carbon solutions	4. Low energy solutions	5. Waste/recycling opportunities	6. Lean/clean/ efficient operations
Goals	Increase value by combining products, services and business models	Increase value by using new materials and enhancing functionalities	Increase value by reducing the CO_2 footprint along the construction lifecycle	Increase value by using less or sustainable energy sources	Increase value by capturing new opportunities in the waste and recycling business	Increase value by leaner assets, improved efficiency and less emissions and waste

Focus on six innovation fields

Holcim focuses on six fields of innovation with the greatest potential to add value. In these fields, Holcim's Group companies, corporate functions and external partners are developing innovative solutions. The following paragraphs illustrate examples in these fields.

1. Integrated market solutions

Ambuja Cements, India: High-grade concrete solutions

Ambuja Cements successfully addressed the increasing demand for high-grade concrete in urban India. It has developed a special concrete solution with micro-fines for infrastructure and high-rise projects. This product provides value for customers in the form of improved consistency and application characteristics at an attractive price. The Group company also benefits: thanks to new partnerships, industrial by-products – slag or fly ash – are processed into new products, reducing the clinker factor. Furthermore, Ambuja Cements can position itself as preferred solution provider in a strongly growing market.

2. New materials/functionalities

Holcim Lanka: "Extra"– first domestic fly-ash based cement

Holcim Lanka has introduced the first domestic fly ash cement in Sri Lanka, called "Extra", which is both durable and sustainable, and underlines Holcim's CO_2 emission reduction strategy. Sri Lanka is in a rebuilding phase after 30 years of civil war – the growing infrastructure requires long-lasting products that can withstand the harsh environments found in the coastal areas of the country. To ensure the best performance, the fly ash is co-ground with clinker, optimizing the chemical and physical properties of the cement. With this innovation, Holcim Lanka contributes to the longevity of the rebuilt infrastructure.

3. Low carbon solutions

Holcim Canada: "Contempra" – a novel Portland limestone cement

A new class of Portland limestone cement (PLC) was successfully introduced in Canada. This ecologically advantageous type of cement has been valued in Europe for a long time. Holcim Canada has now also managed to bring this success story to North America. Manufacturing PLC generates significantly lower greenhouse gas emissions, as up to 15 percent of clinker is replaced by limestone. As soon as Holcim Canada can produce PLC to its full capacity, the annual emissions of the Group company will decrease by over 130,000 tonnes of CO_2 – which equals the yearly emissions of 25,000 cars. Additionally, Holcim Canada is pursuing certification through the sustainable LEED® building rating system.

Aggregate Industries UK: "Thermastore" – a thermal storage system

Thermastore is a thermal comfort solution for industrial and residential buildings – designed to augment or replace existing heating, ventilation and air conditioning systems. It significantly reduces the energy and CO_2 footprint, while maintaining a comfortable internal temperature. For this, a loosely packed aggregates chamber cools air entering a building in the summer months and pre-warms air entering in winter. This solution is used in conjunction with a highly insulated building shell – which is also provided by Aggregate Industries UK with its insulating concrete formwork walling system. Thermastore is part of Aggregate Industries UK's "Life" range of sustainable products and services. The Thermastore solution reduces CO_2 emissions by up to 90 percent compared to traditional air conditioning in commercial buildings. Additionally, the aggregates can comprise up to 100 percent non-virgin material.

4. Low energy solutions

Novel Waste Heat Recovery Technology

Waste Heat Recovery (WHR) based solutions in several cement plants of Holcim transform the waste heat of the kiln into electrical power. This provides power without additional CO_2 emissions and further fuel costs. In 2012, three WHR systems totaling 12 MW of electrical power were commissioned in Romania, Vietnam and Switzerland. The systems in Alesd (Romania) and Untervaz (Switzerland) are based on a new technology which makes electricity generation possible even with relatively low exit temperatures. Holcim is the first cement company worldwide to apply this technology jointly on kiln pre-heater exhaust and cooler vent air. The experiences so far show that the next generation of WHR systems will be even more efficient and cost effective.

5. Waste/recycling opportunities

Holcim Germany: Moisture measurement for high usage of alternative fuels

The Holcim Germany Höver cement plant has the kiln running with a thermal substitution rate (percentage of alternative fuels) constantly around 70 percent. Up to 14 tonnes of alternative fuels per hour are used by the main burner – which substantially reduces CO_2 emissions and costs of the plant. The combustion requires careful monitoring to deliver the expected constant product quality to the customer. This is why Holcim Germany carries out continuous measurement of the moisture in the material stream via special sensors. If a change is detected, it is immediately balanced by changes in the coal dust feed. This methodology enables the use of consistently high levels of alternative fuels.

Holcim France and Holcim Germany: Co-processing of coarse solid waste

At the Héming cement plant in France and the Lägerdorf cement plant in Germany, two co-processing projects for coarse solid waste lead to innovative solutions. In France, it is a pilot gasification system that transforms alternative fuels into gas. In Germany, a first-of-its-kind coarse solid waste pre-combustion chamber (step combustor) is being constructed. The objective of both projects is to use coarse waste fuels directly without major pre-processing – which lowers operating costs.

6. Lean/clean/efficient operations

Multiplication of efficient drive concepts for vertical roller mills and kilns

Based on very positive experiences from the first pilot applications, two new vertical roller mill drives (Multidrive) and six kiln drives of the Bogiflex type are or have been installed. These optimized solutions significantly reduce production and maintenance costs. They fully support the trend towards high capacity facilities, standardization and state-of-the-art technology. The design improvements and the scale of the equipment particularly lead to low investment costs. The successful experiences have inspired more suppliers to work on solutions for vertical roller mills and kiln drives – which gives Holcim the benefit of a competitive market to choose from.

Volunteering for communities

Social engagement

A major concern of the centennial volunteering was to provide social assistance in those areas where it is most needed. Many employees did so with remarkable personal commitment.

Holcim is an important employer in many parts of the world, and is very conscious of its particular responsibilities to local communities. During the centennial year, many employees expressed a wish to give something extra back to the communities where they work. In total, some 100,000 hours were spent in such activities.

A dialog with communities

Improving the dialog with local communities was an important element of the centennial program. This very often took the form of helping underprivileged or handicapped people. Many employees also took part in health improvement programs, providing direct relief on the ground.

Such social engagement played a very important role in Vietnam, whether helping with medical checkups or building a herbal medical center in Bin Tri and Binh An. Other projects supported senior citizens and orphans.

Spending time

Many Group companies carried out events for needy children. Ambuja Cements and the Holcim service organization in India organized a cricket event for children of poor families. In Singapore, employees from Holcim Trading accompanied some 20 children to the Universal Studios theme park. Thanks to the volunteers, the children in both these cases were able to enjoy what was for them a very special day.

In Madrid, 32 volunteers from Holcim Trading, in conjunction with a local foundation, carried out an environmental workshop and took part in sports activities with mentally handicapped people, supporting their social integration.

Spreading the word

A particularly interesting project took place in the US, where employees of Aggregate Industries Western Region accompanied residents of a local blind center on a hike through Calico Basin near Las Vegas. They helped the blind people "see" the landscape by describing its natural beauty. In return, they learned from their blind companions how to "hear" and "feel" it.

In some Group companies, singing was a focal point of the activities. At Holcim Ecuador, an employee wrote an original song to encourage his colleagues to volunteer one day during the year. The song was recorded with a group of local children, and a video was made. A well-known Filipino rock star supported Holcim's engagement in his homeland by composing a song called "I'm responsible for tomorrow". In both cases, the songs were a clear expression of the enthusiasm of many employees for the Holcim centennial.

In the Philippines, a special website was set up for the centennial. There, people not associated with Holcim could pledge to volunteer or contribute to their community. The call was heeded enthusiastically: at the end of the year over 5,000 people, including many prominent figures, had made a pledge. As a result, a large number of further activities were carried out, from environmental projects to educational and health-related activities.

Capital market information

Through the Holcim Leadership Journey, Holcim aims to increase its return on invested capital, with particular emphasis placed on measures to improve efficiency and strengthen customer focus. In 2012, these already made positive contributions to the Group's success. However, the decline in sales in Europe and high costs in many emerging markets impacted performance. Nevertheless, cash flow from operating activities remained solid and reinforced the already sound capital structure.

Performance of Holcim share versus Swiss Market Index (SMI)

While equity markets recovered in the first months of 2012, mounting risks associated with the deteriorating economic situation in Europe and delayed global economic recovery resulted in increased market volatility and negative stock market developments in mid-2012. Share prices recovered somewhat during the second half of the year however, and despite ongoing market volatility this positive trend continued until the year end. Similar to the overall market, Holcim shares were also exposed to considerable volatility, with the lowest share price reaching CHF 49.00 and the highest CHF 67.95 towards the end of 2012. On December 28, 2012, the shares closed at CHF 66.90 (2011: 50.25), which is equal to an increase of approximately 33 percent compared to the 2011 year-end close.

Listings

Holcim is listed on the SIX Swiss Exchange. Its shares are traded on the Main Standard of SIX Swiss Exchange. Each share carries one voting right. At year-end 2012, the company's market capitalization stood at CHF 21.9 billion.

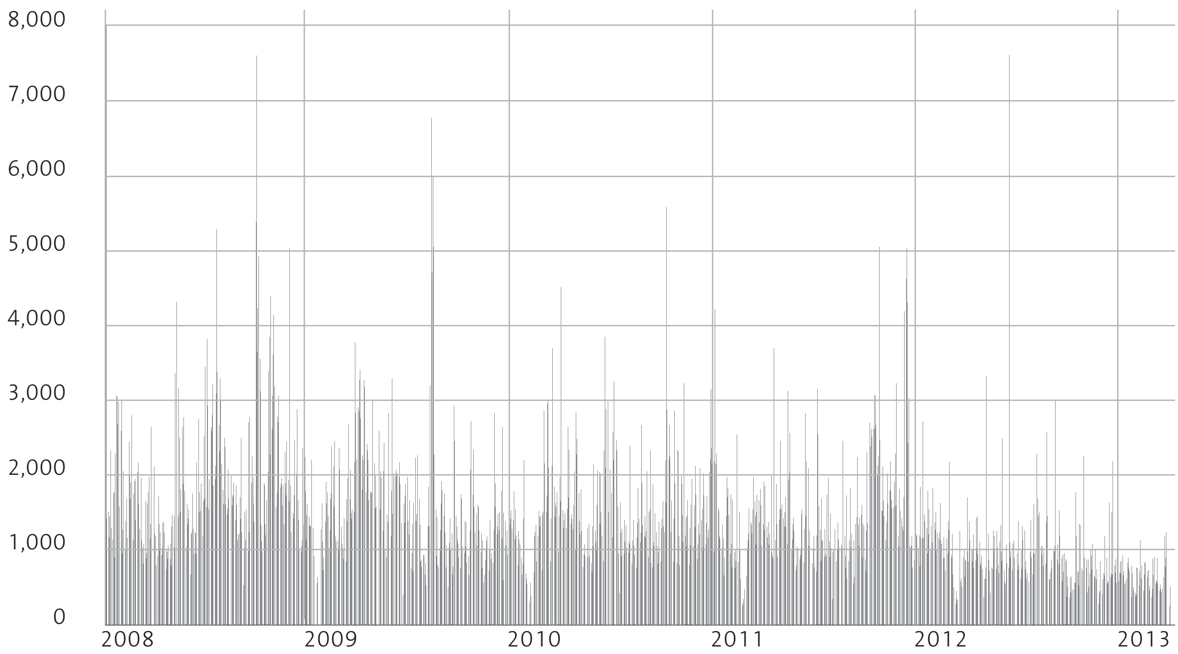
Additional data

ISIN	CH0012214059
Security code number	1221405
Telekurs code	HOLN
Bloomberg code	HOLN VX
Thomson Reuters code	HOLN.VX

Major shareholders

Information on major shareholders can be found on page 214 of this report.

Trading volume



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	20%
Shares pending registration of transfer	30%

Breakdown of shareholders by number of registered shares held

1–100	10,631
101–1,000	34,945
1,001–10,000	6,720
10,001–100,000	579
> 100,000	103

Free Float

The free float as defined by the SIX Swiss Exchange stands at 70 percent at year end 2012.

Dividend policy

Dividends are distributed annually. Previously, the Board of Directors determined that one-third of Group net income attributable to shareholders of Holcim Ltd should be distributed. For the 2012 financial year, the Board is proposing a payout from the capital contribution reserves of CHF 1.15 (2011: 1.00) per registered share. This payout is scheduled for April 24, 2013.

Weighting of the Holcim registered share in selected share indices

Index	Weighting in %
SMI, Swiss Market Index	1.83
SPI, Swiss Performance Index	1.55
SLI, Swiss Leader Index	4.01
BEBULDM, BE500 Building Materials Index	21.10
SXOP, Dow Jones STOXX 600 Construction	10.15
DJSI World, Dow Jones Sustainability Index	0.20
FTSE4Good Europe Index	0.46

Sources: Bloomberg, Dow Jones Sustainability Indexes, FTSE Index Company, end-December 2012.

Information on Holcim registered shares

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

Key data Holcim registered share[1]

Par value CHF 2	2012	2011	2010	2009	2008
Number of shares issued	327,086,376	327,086,376	327,086,376	327,086,376	263,586,090
Number of dividend-bearing shares	327,086,376	327,086,376	327,086,376	327,086,376	263,586,090
Number of shares conditional capital[2]	1,422,350	1,422,350	1,422,350	1,422,350	1,422,350
Number of treasury shares	1,736,538	7,270,081	7,131,083	6,905,384	5,132,061
Stock market prices in CHF					
High	68	76	85	81	111
Low	49	43	60	28	40
Average	58	60	71	58	79
Market capitalization (billion CHF)	21.9	16.4	23.1	26.3	14.5
Trading volumes (million shares)	231.4	357.6	378.8	397.0	495.9
Earnings per dividend-bearing share in CHF[3]	1.92	0.86	3.69	4.93	6.27
Cash earnings per share in CHF[4]	8.28	8.61	11.44	13.04	13.02
Consolidated shareholders' equity per share in CHF[5]	52.09	52.62	56.57	59.44	59.42
Payout/dividend per share in CHF	1.15[6]	1.00	1.50	1.50	2.25
Dividend yield (%)	1.97	1.67	2.11	2.56	2.86

[1] Adjusted for stock dividend 2008 and/or capital increases.
[2] Shares reserved for convertible bonds.
[3] EPS calculation based on net income attributable to shareholders of Holcim Ltd weighted by the average number of shares outstanding (see note16).
[4] Cash EPS calculated based on cash flow weighted by the average number of shares outstanding.
[5] Based on shareholders' equity – attributable to shareholders of Holcim Ltd – and the number of dividend-bearing shares (less treasury shares) as per December 31.
[6] Proposed by the Board of Directors for a payout from capital contribution reserves.

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, 33⅓, 50 or 66⅔ 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 214.

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 (March 2013)

	Standard & Poor's	Fitch	Moody's
Long-term rating	BBB, outlook stable	BBB, outlook stable	Baa2, outlook stable
Short-term rating	A-2	F2	P-2

Financial reporting calendar

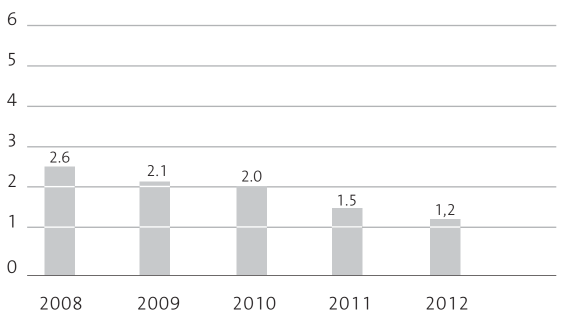
General meeting of shareholders	April 17, 2013
Ex date	April 19, 2013
Payout	April 24, 2013
Results for the first quarter 2013	May 8, 2013
Half-year results 2013	August 15, 2013
Press and analyst conference for the third quarter 2013	November 5, 2013

Environmental commitment and social responsibility

Holcim's ambition is to create value for all relevant stakeholders in a sustainable manner. Therefore, the Group aims to balance economic value creation with environmental and social responsibility.

Occupational Health and Safety – Holcim's first priority
Holcim believes that a safe and healthy workplace is a prerequisite for motivated, productive and committed people, and a successful company. Consequently, Occupational Health and Safety (OH&S) is an integral part of the Holcim Leadership Journey. With the introduction of the "OH&S License to Lead" concept, line management's commitment has been reinforced in the year under review. In the personal appraisals and development plans of leaders and newly appointed leaders, performance and OH&S are gaining importance. Furthermore, Holcim will leverage partnerships such as the Cement Sustainability Initiative of the World Business Council for Sustainable Development, and the continuation of social dialog with international labor organizations is envisaged.

Lost time injury frequency rate[1]



[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 operations.

At the beginning of 2012, Holcim challenged itself to achieve a Lost Time Injury Frequency Rate (LTIFR) for direct employees of below 1.5. The organization has responded to this challenge and the LTIFR achieved for 2012 was 1.2. Holcim has the ambitious goal of achieving a value of less than 1 in 2013.

Despite many improvements, the number of severe accidents remained high. In the year under review, 27 individuals lost their lives while working for Holcim, of whom 22 were indirectly employed through contractors or service providers. Of these 22, seven were involved in road accidents outside of our plants. The Board of Directors and the Executive Committee deeply regret these fatalities and will pursue the objective of an accident-free working environment more rigorously.

The biggest challenges continue to be in working with contractors and in road safety, as shown above. In 2012, a road safety study was undertaken to help Holcim better understand this set of problems and potential solutions. The study highlights factors contributing to vehicle related accidents, including regional, seasonal and cultural differences. Consequently, a road safety performance improvement program has been launched, focusing initially on countries with a high accident rate. Best practices will be disseminated quickly throughout the Group.

The implementation of the Fatality Prevention Elements and the Contractor Safety Management Directive across the Group was assessed. To this end, all Group companies undertook a rigorous self-assessment and expert teams were used for the assessment interviews.

Sustainable solutions and construction

On a global scale, the construction and use of buildings are both directly and indirectly responsible for significant energy consumption, related CO_2 emissions and waste generation. Through product and process innovation Holcim is helping to develop more sustainable construction solutions: from cement with a lower carbon footprint to more efficient production and distribution systems. One focus has been on marketing composite cements with reduced clinker content, achieved by adding mineral components such as blast furnace slag, fly ash and pozzolans. In 1990, these sustainable cements represented 30 percent of Holcim's sales. In 2012, the corresponding figure was around 77 percent.

The building materials industry value chain is complex. Demand for building materials continues to grow based on population growth, urbanization and infrastructure development in emerging markets. It is essential to meet this demand while reducing the environmental footprint of a construction over its entire lifecycle. Therefore, integrated environmental, economic and social considerations must be a high priority along the building materials value chain.

Through the Holcim Foundation for Sustainable Construction, Holcim promotes sustainable construction in science and in practice. By organizing forums, publications and the Holcim Awards Competition, the foundation promotes sustainable construction around the globe and facilitates the exchange of know-how among experts (see page 25).

Holcim is sponsoring a chair for sustainable construction at the ETH Zurich as part of its centennial activities. With this professorship, Holcim aims to further expand and deepen the existing partnership between industry and academia.

Reducing emissions

Holcim has committed to reducing CO_2 emissions per tonne of cement by 25 percent by 2015, compared to the reference year of 1990. The reduction of clinker content through the substitution of mineral components, the use of alternative fuel sources to replace fossil fuels and energy efficiency improvements will contribute to achieving this reduction.

In 2011, Holcim had already achieved its target to reduce specific emissions of dust and nitrogen oxides (NO_x) by 20 percent by 2012 and 2013 respectively compared to 2004 levels. Focus will now be placed on maintaining or even improving the emission levels achieved thus far.

Emission levels of CO_2, NO_x, dust and SO_2 will be reported on our website www.holcim.com in May 2013.

A focus on alternative fuels and raw materials (AFR)

The use of waste as an alternative fuel makes a significant contribution to Holcim's sustainable development objectives. AFR provides a solution to society's waste problem while also offering opportunities for employment. Furthermore, it improves the environmental footprint of our operations by lowering emissions and limiting the use of fossil fuels. In view of the full recovery of waste in the combustion process, Holcim mitigates the risk of rising energy costs, improves energy security, and reduces the consumption of scarce resources and its production costs. Around 12.5 percent of Holcim's thermal energy is currently generated by co-processing waste derived fuels.

Energy generation from suitable waste continues to have great potential. It also plays a significant role in the Holcim Leadership Journey. To this end, the Group is undertaking a strategic and technical assessment of its alternative resources business covering all key pillars – from market and regulatory frameworks to technical capabilities and suitable governance procedures and structures.

To ensure the responsible handling and storage of waste materials throughout the Group, Holcim has implemented an AFR Certification program (ACERT). The system provides an auditable management framework designed to minimize risks at alternative fuels processing facilities. The ACERT system will be implemented at all Group companies using AFR, and around 75 percent of Holcim facilities had been internally audited.

Carbon trading and credits

During the year under review a carbon trading scheme was initiated in Australia and an energy efficiency program took effect in India. Carbon trading schemes are increasingly becoming a significant factor in the cement sector. Should all proposed schemes be implemented, it is estimated that up to 75 percent of the Group's production could be subject to carbon trading scheme by 2020.

From the trading of CO_2 allowances, the Group realized revenues of CHF 62 million (2011: 63) during the reporting year. Revenues generated from carbon trading activities are used to increase the energy efficiency of the Group. To facilitate this, a "Fast Return Capex" fund which includes energy projects was put in place.

During 2012, Holcim continued to receive Certified Emission Reduction credits for wind power projects in India and alternative fuel projects in Indonesia. It also received credits for technology improvements at our associate company in China, Huaxin Cement. It is expected that all these credits will continue to be received in 2013.

Biodiversity and water

The partnership with the International Union for Conservation of Nature (IUCN) draws on the knowledge of experts to find practical solutions to biodiversity and water challenges.

Holcim has worked with IUCN since 2007, striving to achieve better biodiversity conservation for the Holcim Group and the wider building materials sector. During the first phase (2007–2010), an Independent Expert Panel advised Holcim on how to better integrate biodiversity considerations into the business. One of the outcomes was an integrated Biodiversity Management System (BMS), designed to support decision making and to facilitate effective site management. The second phase (2011–2013) aims to:

- Implement the BMS across the Group
- Engage with the sector to develop common standards for biodiversity conservation
- Influence policy to enable the building materials sector to deliver better biodiversity conservation outcomes
- Strengthen the Group's approach to water management

In 2011, work began on implementing a water management scheme. A Water Directive was approved by the Holcim Executive Committee in December 2011. This directive, an integral part of the Holcim Environmental Policy, sets out requirements to manage water in an efficient and responsible way. A second element, the Water Measurement Protocol, enables accurate water measurement across the Group.

Third, the Water Risk Assessment methodology sets criteria and procedures to carry out water related risk assessments. All Group companies are required to establish their operational water footprint, assess mitigation options and develop action plans.

Sustainable procurement

In the reporting year, Holcim began implementing its Sustainable Procurement Initiative. The initiative seeks to strengthen good practices in the value chain and to promote sustainable practices among suppliers. A Supplier Code of Conduct has been developed and distributed to all suppliers. In 2012, Holcim developed a methodology to identify and assess suppliers with high sustainability risks and a framework to address these risks. Employees received targeted training in this regard.

Strategic community engagement

Holcim's approach to social engagement goes beyond philanthropic activities because it creates the strategic freedom to operate as well as generating shared value for the company and its stakeholders. In this context, low-income housing programs in Latin America promote innovative and sustainable housing solutions for the low-income segment while providing new business opportunities for Holcim. In 2012, Holcim Group companies invested CHF 45 million in community engagement activities, from which several million people benefited directly or indirectly.

Community spending 2012

Community development projects	24%
Education projects	14%
Infrastructure community projects	24%
Donations and charity	17%
CSR overhead	16%
Others	5%
Total in million CHF	**45**

During the centennial year, all Holcim Group companies and the Corporate Functions undertook volunteering activities in many local communities. The intention of the Board of Directors and the Executive Committee was to demonstrate a willingness to engage with and give back to society. Approximately 400,000 hours of volunteering were carried out (see the success stories in this report).

Close cooperation with local stakeholders is essential for Holcim and builds respect and trust. Group companies engage with stakeholders through a number of forums, including community advisory panels, formal dialog sessions, open door days and local partnerships. In this respect, Group companies were encouraged to have formal community engagement plans in place. By the end of 2012, 86 percent of Group companies reported that such plans have already been developed or implemented.

In line with John Ruggie's UN Guiding Principles, a Group-wide business related human rights management system, including continuous monitoring of relevant issues, was piloted in 2012. Over the coming years the system will be implemented in other Group companies.

Listed in leading sustainability indexes
For the tenth consecutive year, Holcim was confirmed as a member of the Dow Jones Sustainability Indexes. In the 2012 assessment, the Group received top scores for international production standards, social reporting, stakeholder engagement and recycling strategy. Holcim has also again been confirmed as a member of the FTSE4Good.

Human Resources

A strategy based upon employee development and leadership competencies.

Employees play a decisive role in achieving business goals. Holcim has always put its staff at the center of its organization.

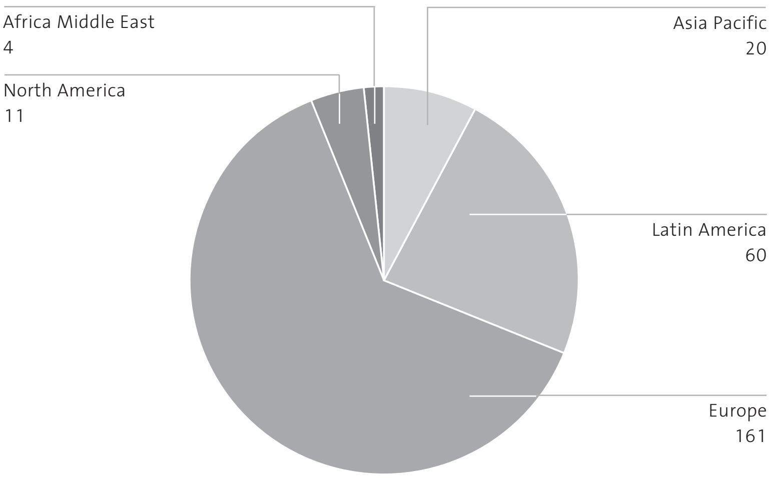
The Group also has high expectations of its employees in terms of commitment, performance and behavior. Regular reviews are carried out to ensure that the Group's clear performance and conduct standards are understood, shared and complied with. The Group has a zero tolerance policy in this respect with sanctions ranging up to dismissal.

A cornerstone of the HR strategy is the development of professional and interpersonal leadership skills. This also includes the development of competencies relating to health and safety. The "Dialogue" performance management process, that has been in place for many years, makes sure that leadership competencies are regularly reviewed and that employee development remains a constant topic for discussion.

Since 2009, a total of 248 managers from 42 countries have taken part in global training programs. Operating in around 70 countries, Holcim offers leaders numerous challenges in a dynamic market environment. Staff mobility across cultures and continents is part of the development of employees. In 2012, the International Transfers and Remuneration team supported the Group companies in transferring 125 employees globally.

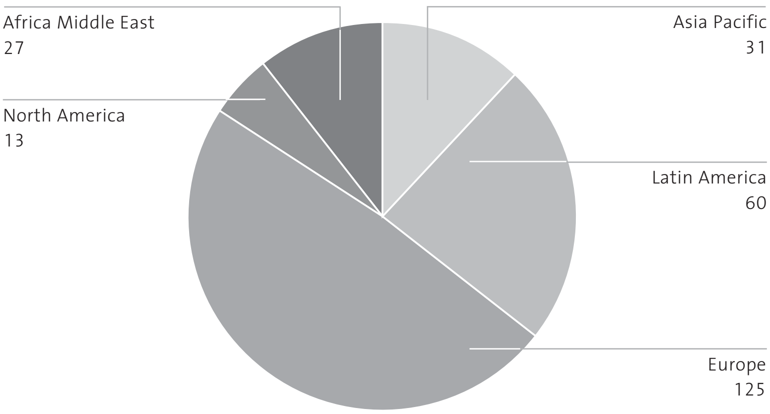
Transfer of employees from the following Group regions

Number



Transfer of employees to the following Group regions

Number



The Group succession management process ensures talent identification and development on a global scale. Up-to-date talent development which is responsive to current needs is made possible by quarterly reviews.

Holcim – an important company for leaders

Holcim has the ambition to position itself as one of the best companies for the development of leaders. In 2012, the Group entered a partnership with Aon Hewitt to introduce their pivotal leadership benchmark "Top Company for Leaders©" Group-wide. Self-assessments were used as a first "as is" picture and to stimulate systematic and continuous improvement in leadership development.

Knowledge transfer and coordination

Direct line managers have long been actively involved in management training programs, a strategy which has proven instrumental in ensuring that theoretical knowledge is successfully transferred into practice. To help middle management gain a better understanding of strategic priorities and contribute to the Holcim Leadership Journey, a regional leadership seminar for managers at Group companies in India and neighboring countries was jointly developed with the India Business School in Hyderabad. The first seminar was held in December 2012. Regional leadership academies have been established at other locations, offering training aligned to Group global development targets.

Social dialogue

Holcim is finalizing an agreement on health and safety with IndustriAll, the Unions Federation resulting from the recent merger between the BWI (Building and Wood Workers International) and the ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions). In a new global health and safety committee, representatives of the unions and management will work together in future towards increasing safety at the workplace and preventing accidents.

Employee engagement survey

The degree of employee engagement is repeatedly measured, and with it the related internal group attitudes. In 2012, more than 23,000 employees responded to a questionnaire on the values they associate with Holcim and their commitment to the company. These surveys give managers valuable insight into the employee perception of various questions.

Processes and interactions which improve or hinder motivation need to be continuously focused on. In the year under review, Latin America was the first Group region to implement a holistic approach. A review of HR practices, using our "Touchpoint" methodology, and of employee engagement were conducted simultaneously. The combined results provided numerous inputs for regional and local HR planning.

Group employees by segments	2012	2011	2010	2009	2008
Cement[1]	51,364	51,492	51,133	50,335	56,282
Aggregates	6,435	6,898	6,478	6,850	6,369
Other construction materials and services	20,018	22,469	22,577	23,725	23,692
Others	286	108	122	588	370
Total Group	**78,103**	**80,967**	**80,310**	**81,498**	**86,713**

[1] Including all other cementitious materials.

Group employees by region	2012	2011	2010	2009	2008
Asia Pacific	38,267	37,942	38,172	36,858	36,196
Latin America	11,765	12,867	12,710	12,626	13,548
Europe	17,924	19,602	19,690	20,800	23,557
North America	7,136	7,543	6,668	8,016	9,825
Africa Middle East	2,153	2,140	2,213	2,256	2,477
Service and trading companies	858	873	857	942	1,110
Total Group	**78,103**	**80,967**	**80,310**	**81,498**	**86,713**

Origin of senior managers		
From Asia Pacific	17 nationalities	47% of all senior management
From Latin America	12 nationalities	10% of all senior management
From Europe	24 nationalities	33% of all senior management
From North America	2 nationalities	8% of all senior management
From Africa Middle East	8 nationalities	2% of all senior management

Composition of senior managers

	Male	Female	Total	Percentage of women
Top management level	302	35	337	10.4%
Senior management level	1,343	130	1,473	8.8%
Middle management level	6,770	1,033	7,803	13.2%
Total	**8,415**	**1,198**	**9,613**	**12.5%**

Personnel expenses in 2012 by function and region

Million CHF	Production and distribution	Marketing and sales	Administration	Total
Asia Pacific	747	112	232	1,090
Latin America	377	68	104	549
Europe	885	147	243	1,275
North America	613	85	108	779
Africa Middle East	57	9	19	86
Service and trading companies	51	21	172	244
Total Group	**2,729**	**415**	**879**	**4,023**

Volunteering for communities

Education

During the centennial year Holcim placed particular focus on supporting education and training in local communities. "Whoever invests in education supports future prosperity" – this motto was put into action in countless centennial activities.

Besides the Ernst Schmidheiny Foundation, many Group companies are active in education and training in their local communities. It was therefore no surprise that these areas were also well represented during the centennial volunteering drive, with some 69,000 hours being logged.

In 1972 the Board of Directors of "Holderbank" Financière Glaris Ltd (today's Holcim Ltd), on the occasion of Ernst Schmidheiny's 70th birthday, made funds available for educational purposes. This was the beginning of the Ernst Schmidheiny Foundation, which celebrated its 40th anniversary in 2012 and is still very active. The primary purpose of the Foundation is to promote an understanding of the connections between business and economics among young people.
In recognition of the great services it has rendered, the Holcim Board this year donated five million Swiss francs to the Foundation as part of Holcim's centennial celebrations.

Investing in schools

Many of these projects involved improving and modernizing schools, as a safe and supportive environment for students greatly contributes to successful learning.

In India, Mexico, the US and the Philippines, employees went "back to school" – not to study, but to renovate school buildings. They painted walls, fixed wiring and plumbing, repaved sporting grounds, and refurbished classrooms so that future generations would have an adequate learning environment.

In Sri Lanka, employees refurbished five rooms in two schools as well as a computer lab. In Argentina, volunteers painted walls in 22 schools, repaved school grounds and made building improvements. In Romania, they renovated a kindergarten playground, making it safer for the children.

An interesting project was carried out by employees of Holcim Nicaragua. They started vegetable gardens at several local schools in order to put the children in touch with nature while at the same time promoting healthy eating habits.

Teaching and lecturing

Alongside the modernization of school infrastructure, various educational activities also played an important role in the centennial program. At the Waltham, Massachusetts headquarters of Holcim US, volunteers visited a local school and helped fifth and sixth graders with their homework.

For school children, reading stories was particularly popular, an activity which the employees of Holcim Ecuador carried out with great enthusiasm, dressing up as characters from the books they were reading. During the course of the year the company also carried out many projects to improve school safety and infrastructure.

Other activities concentrated on helping young people find their first job. In Argentina, Russia and Lebanon, employees carried out workshops in which young people learned how to write CVs, prepare for job interviews, or search for a job on the internet.

Personal hygiene was at the center of a project in India, where employees from the Group company ACC explained its importance to hundreds of school children.

The personal commitment of many employees is also worth mentioning. A single volunteer from Demix Béton in Canada, for example, talked to four and five-year olds about geology, showing them interesting rocks and minerals.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Asia Pacific the key growth region

Asia on growth path, but Oceania's performance moderate
Most economies in Group region Asia Pacific showed encouraging momentum. The strong growth seen at the start of the year subsequently slowed down somewhat, not picking up again until the fourth quarter. Indonesia, Thailand and the Philippines witnessed a strong increase in economic output, and India's business climate remained robust. The majority of countries reported a rise in domestic consumption. Higher government spending also provided a boost. Australia turned in a less dynamic performance than in 2011.

Construction activity solid
Investments channeled into improving and expanding infrastructure were an essential support for construction markets in virtually all countries in the Group region. However, the renewed rise in construction volumes in India fell short of the previous year's high growth rates. Indonesia recorded a substantial increase in cement consumption on the back of sizable public and private sector investment, and Thailand's economy benefited from numerous reconstruction projects in the wake of the floods in 2011. The Philippine government launched further infrastructure projects, and demand for housing was buoyant. Malaysia's construction sector posted double-digit growth, likewise driven by infrastructure projects under the government's revitalization schemes. Construction activity was subdued in Vietnam. Public sector saving and high interest rates dampened investor confidence. Sri Lanka's construction sector remained on an upward trajectory, and building activity in Bangladesh was supported by demand in rural regions. Construction work proved a mainstay of Singapore's economic growth. Australia saw a fall-off in building activity, chiefly outside its resource-rich mining regions. New Zealand's construction sector benefited above all from reconstruction work following the Christchurch earthquake.

Higher delivery volumes and better prices
Both Indian Group companies sold more cement, primarily in the first half of the year. In response to mounting inflation, the government postponed a number of infrastructure projects in the second half, and higher interest rates reined in demand for commercial and industrial buildings. A shortage of skilled construction workers and insufficient transport capacity also hampered activity. ACC succeeded in selling more cement, in particular in western and southern India. Ambuja Cements again reported an increase in cement deliveries. Holcim Lanka's cement sales were up thanks to road building projects, expansion work on port facilities and irrigation systems, as well as deliveries for the new international airport in the south of the country. Holcim Bangladesh posted a substantial increase in cement sales, shored up by the high volume of public sector orders, above all for port and airport expansion projects.

Consolidated key figures

Asia Pacific	2012	2011	±%	±% LFL*
Production capacity cement in million t	100.1	97.8	+2.4	
Cement and grinding plants	55	55		
Aggregates plants	88	88		
Ready-mix concrete plants	374	406		
Sales of cement in million t	79.2	75.6	+4.7	+4.4
Sales of mineral components in million t	1.1	1.2	−11.1	−11.1
Sales of aggregates in million t	27.8	29.7	−6.2	−6.3
Sales of ready-mix concrete in million m^3	12.8	13.0	−1.8	+0.9
Net sales in million CHF	8,732	8,001	+9.1	+11.1
Operating EBITDA in million CHF	1,876	1,700	+10.3	+12.6
Operating EBITDA margin in %	21.5	21.2		
Personnel	38,267	37,942	+0.9	+1.3

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

The Indonesian construction industry experienced dynamic growth. The government provided funding for major transport and energy projects, and a burgeoning middle class fueled demand for housing developments. Holcim Indonesia saw a significant increase in deliveries of cement and ready-mix concrete, and sales prices moved favorably. 2012 was also a good business year for Siam City Cement Company in Thailand. The company benefited from numerous private building projects and from the Thai government's economic program. Additional stimulus came from the resumption of construction projects halted by the 2011 floods around Bangkok. To meet lively domestic demand, cement exports were suspended in October. However, prices failed to move in sync with the increase in volumes.

The Vietnamese economy remained weak. The central bank's efforts to stem high inflation led to liquidity squeezes, which in turn impacted house building. At the same time, the government had to scale back infrastructure projects. This constellation left Holcim Vietnam facing a decline in cement sales and ready-mix concrete deliveries. The Philippine Group company benefited from an increase in government investment. Private construction work also picked up under the prevailing good economic conditions. Deliveries of cement rose substantially.

The Malaysian construction sector recorded double-digit growth, driven mainly by infrastructure projects primarily in the rail and energy segments, as reflected in the rise in cement sales at Holcim Malaysia. Holcim Singapore sold significantly more ready-mix concrete thanks to state-funded residential construction and key infrastructure projects.

Cement Australia experienced a slight decline in overall deliveries. Demand remained relatively good in north and central Queensland. Aggregates sales were also down at Holcim Australia. Shipments of ready-mix concrete were lower in south east Queensland and Victoria in particular. On the other hand, there was an increase in deliveries for the Gorgon project for the development and provision of liquefied natural gas in Western Australia. Prices moved in a positive direction. Holcim New Zealand benefited from government infrastructure projects as well as post-earthquake reconstruction work, resulting in slightly increased cement deliveries. Sales of oil well cement had a positive impact on the overall volume.

In Asia Pacific, cement sales grew by 4.7 percent to 79.2 million tonnes. Owing to the decline in Oceania, sales of aggregates dropped by 6.2 percent to 27.8 million tonnes and ready-mix concrete deliveries were down by 1.8 percent to 12.8 million cubic meters.

Higher operating EBITDA

The operating EBITDA increased by 10.3 percent to CHF 1.9 billion. Operating profit improved by 12.5 percent to CHF 1.3 billion. Excluding the restructuring costs in Australia, like-for-like operating EBITDA increased 14 percent. The Group companies in Indonesia, the Philippines and Thailand turned in very sound results on the back of significantly higher sales volumes. Conversely, the income statements of individual Group companies were impacted by clinker imports needed to meet demand. Both Indian Group companies saw considerable improvements in their results. However, results were impacted by inflation-related rises in energy and transport costs as well as the depreciation of the rupee. Nevertheless, cement prices could be increased. Cement Australia was able to partly pass on the higher costs, resulting in a double-digit increase in operating EBITDA. The Group region's internal operating EBITDA grew by 12.6 percent.

Huaxin Cement in China operated successfully in a challenging market environment. Strict cost management, and measures to improve customer service, mitigated severe price competition in 2012 and the resultant effect on profitability.

Capacity expansion in key markets

Holcim selectively expanded capacity to meet rising demand for cement. In Tuban on Java in Indonesia, a new cement plant with a capacity of 1.6 million tonnes a year will come on stream at the end of 2013. In the year under review, a decision was also taken to build a second, identical kiln line at the same site; it is scheduled to commence clinker production by mid-2015. Grinding capacity will be increased by 0.7 million tonnes in Bangladesh and by 0.6 million tonnes in Sri Lanka. Group company ACC is replacing the existing facilities at the Jamul site in east India with a clinker plant with an annual production capacity of 2.8 million tonnes, and local grinding capacity of 1.1 million tonnes of cement. At the same time, grinding capacity at the Sindri site is to be increased to 1.35 million tonnes of cement, and a new grinding plant with an annual capacity of 2.7 million tonnes is scheduled to be built in Kharagpur. The facilities will come on stream in 2015. Lastly, Cement Australia will be commissioning a new grinding plant with an annual capacity of 1.1 million tonnes of cement in Port Kembla in 2013. Additionally, Holcim Australia will open a major quarry in Lynwood in 2014 to serve the Sydney market.

Holcim Leadership Journey

Asia Pacific is making a significant contribution to the Holcim Leadership Journey and to the targeted increase in operating profit. A central instrument is the EARN (Energy Activation across Regional Networks) project. With energy accounting for a good 40 percent of the region's production costs, one of the objectives of EARN is to raise energy management efficiency. The majority of Group companies approached this goal by relying on greater use of alternative fuels. In some locations, the focus was also on heat recovery. A reduction in the clinker factor in cement and the associated CO_2 emissions are similarly important. With the focus also on logistics, Holcim Indonesia transported considerably more cement using the more cost-effective rail option, and ACC in India optimized its road haulage operations. In addition, Holcim Singapore rolled out a system designed to enhance the efficiency of its ready-mix concrete trucks.

A wide range of measures were geared towards the topic customer excellence. Several Group companies developed tools to achieve a better understanding of customer needs and to respond more rapidly to the changing requirements of construction firms. Holcim Singapore opened a new center of excellence dedicated to strengthening research and development into sustainable construction and connected areas.

Towards the objective of optimizing capital expenditure, Holcim reduced the interest in Siam City Cement Company (SCCC) from 36.8 percent to 27.5 percent shortly before the end of the year. However, Holcim remains a strategic partner of SCCC.

Outlook for 2013

The outlook for Asia continues to be positive. India and Indonesia, along with the Philippines, rank among the most promising growth markets. Given the high demand for infrastructure expansion projects as well as the need for low-cost housing, the prospects for the construction industry are very good. Only in Vietnam is a rapid brightening of the economic picture not to be expected. Markets in the Pacific region are set to develop stably.


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Dynamic Latin America

Conditions good
With few exceptions, Latin America's economies developed very positively. Mining and industry continued to grow, and many countries seized the opportunities to further expand their infrastructure.

Mexico, in a year dominated by presidential elections, remained on a stable path, and Central America benefited from an improved US economy. Colombian demand stayed robust, and Ecuador's economy also recorded impressive growth rates. After a number of boom years, the Brazilian economy took a brief respite, however, picking up momentum again towards the end of the third quarter. Chile benefited from generally stable copper prices and a favorable export ratio. Only Argentina suffered under various government interventions.

Construction industry remains on upward trajectory
The Mexican construction industry experienced further growth impetus in the second half of the year, and Ecuador's economy was effectively driven by numerous public sector building projects. Colombia witnessed a vigorous upturn in building construction. Brazil's construction sector settled back to normal in 2012 following a period of overheating. Social housing programs and heavy demand for office space in São Paulo and Rio de Janeiro remained key drivers. New infrastructure and housing projects supported Chile's construction sector. By contrast, the Argentinian construction industry faced a significant downturn. Tight budget resources left the government unable to maintain the high volume of orders seen in the previous years.

Consolidated key figures

Latin America	2012	2011	±%	±% LFL*
Production capacity cement in million t	35.5	35.5	+0.1	
Cement and grinding plants	27	27		
Aggregates plants	21	25		
Ready-mix concrete plants	166	220		
Sales of cement in million t	24.9	24.2	+3.0	+3.0
Sales of aggregates in million t	14.0	14.5	−3.6	−3.6
Sales of ready-mix concrete in million m^3	10.2	11.0	−7.9	−7.9
Net sales in million CHF	3,490	3,310	+5.4	+6.9
Operating EBITDA in million CHF	958	888	+7.9	+7.2
Operating EBITDA margin in %	27.5	26.8		
Personnel	11,765	12,867	−8.6	−5.4

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

Growing demand for building materials

Holcim Apasco in Mexico reported positive sales development in the cement and aggregates segments. Deliveries increased in all three segments at Holcim El Salvador. Holcim Costa Rica and Holcim Nicaragua achieved an increase in sales volumes of cement. In Nicaragua, a franchise agreement supported cement sales, and a large bridge project bolstered deliveries of ready-mix concrete.

The construction of several hydroelectric plants and dams had a very positive impact on delivery volumes of cement and ready-mix concrete at Holcim Ecuador. Since expansion work at Quito airport led to an exceptionally high volume of deliveries of aggregates in 2011, the figure for the year under review was somewhat lower. In response to the dynamic development of the market, a third kiln line, with an annual capacity of 1.5 million tonnes of clinker, is under construction at the Guayaquil plant and will go on stream by the end of 2015.

Holcim Colombia also sold more cement, but sales of aggregates and ready-mix concrete decreased due to the closure of both quarries in Bogotá.

With demand lifted by construction projects for the 2014 FIFA World Cup and the 2016 Olympic Games, Holcim Brazil delivered significantly more cement and aggregates. However, sales of ready-mix concrete declined due to delayed starts on new infrastructure projects. The commissioning of the new kiln line at the Barroso plant in 2014 will increase Holcim Brazil's annual cement capacity by 2.3 million tonnes to 7.6 million tonnes.

Deliveries of cement and aggregates increased due to Chile's expanding housing sector and shipments for mining projects in the north of the country. Delays on the key Quadra mining project led to a decrease in sales of ready-mix concrete.

The Argentinian Group company's business was impacted by the weak construction market and the freeze on major infrastructure projects. Sales declined across all segments. With the closure of the kiln line at the Yocsina plant, the company adjusted capacity to lower demand.

Consolidated cement sales in Latin America reached 24.9 million tonnes, an increase of 3 percent. Deliveries of aggregates were down 3.6 percent to 14 million tonnes, and ready-mix concrete sales decreased by 7.9 percent to 10.2 million cubic meters.

Good financial results

In Group region Latin America, the operating EBITDA increased by 7.9 percent to CHF 958 million, and operating profit was up by 3.7 percent to CHF 707 million. Excluding the restructuring costs in Argentina, Brazil and Mexico, like-for-like operating EBITDA increased 10.7 percent. In addition to the volume increases, a broad array of cost-saving measures and a generally more favorable price environment had a positive impact on the Group region's financial performance.

Holcim Costa Rica and Holcim Nicaragua generated higher operating EBITDA. Although Holcim Apasco was able to pass on to prices only part of the inflation-induced increase in costs, the Mexican Group company achieved a favorable result. Holcim Colombia improved its margin in the cement segment, and Cemento Polpaico in Chile benefited both from increased production efficiency and a better business climate. Holcim Argentina was unable to match the previous year's result. The fall-off in volumes, and inflation, impacted the income statement. Restructuring measures at Holcim Brazil to optimize the ready-mix concrete business, and weaker exchange rate had a negative effect on the consolidated result.

Group region Latin America's internal operating EBITDA growth reached 7.2 percent.

Holcim Leadership Journey

The Group companies also initiated a range of activities to strengthen market excellence and cost leadership in Latin America. Logistics processes in Argentina and Colombia were optimized and standardized further. A number of contracts with suppliers and service companies were renegotiated with regard to cost aspects. Holcim Brazil opted to bring outsourced activities back to the plant. The focus was also on reducing energy input and CO_2 emissions.

The 20 percent interest in Cementos Progreso was sold to majority shareholder Grupo Cemcal. Holcim stopped clinker production at its Yocsina plant in Argentina and took steps to streamline aggregates and ready-mix concrete operations in Brazil, Mexico and Colombia.

Outlook for 2013

Conditions remain favorable for the construction industry in Latin America, and the economic upswing looks set to continue. The need for building materials will be driven up by major infrastructure projects, above all in the energy and mining sectors, as well as by pent-up demand for housing.


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Key growth drivers lacking in Europe

Economic slowdown weighing on business

Many European countries were mired in recession in 2012. There was no economic revival for the markets over the course of the year. Instead, the severe crisis dogging Southern Europe contaminated other countries, also affecting hitherto relatively stable economies such as France, the Benelux states or Germany, with repercussions for Switzerland. On a positive note, the Russian economy maintained its upward trend and the construction business in Azerbaijan was fueled by oil revenues.

Construction industry hit by weak demand

After a weak start to the year due to adverse weather conditions, the construction sector failed to gain any real momentum. Private and public sector investment in building projects continued to decline in large parts of Europe. Exceptions include Russia and Azerbaijan and, to a lesser degree, Switzerland, where construction capacity utilization remained high. Germany saw a decline in building activity in the business and public sectors, and in Belgium demand cooled throughout the entire construction industry. The impact of the weak building market was particularly severe in the Netherlands. Even in France, where construction activity had initially remained virtually stable, demand tapered off in all building categories. The UK construction trade felt the fallout from the challenges facing the British economy. The Spanish and Italian construction sectors were marked by the deep-seated crises, with many government infrastructure projects falling victim to austerity measures. The Czech construction sector experienced a substantial decline in activity, and in Slovakia it was primarily the volume of infrastructure work which declined. Romanian construction companies also saw a drop in order volumes. The Russian government invested heavily in infrastructure. In large urban centers such as Moscow, demand was also boosted by housing construction. Azerbaijan witnessed similarly positive developments.

Decline in sales of building materials

The downturn in the British construction market impacted sales at Aggregate Industries UK. Government spending cuts and a cautious private sector spelled lower delivery volumes in all segments. The London Olympics 2012 were a contributory factor, with numerous building sites closed temporarily during the games, pushing down the UK Group company's ready-mix concrete sales in particular.

Holcim Belgium, which also operates in the Dutch building materials market, was unable to prevent a decline in demand. In a harsher competitive environment sales volumes and turnover were down. Holcim France also felt the impact of a flagging construction market, as reflected in a drop in sales in all segments. A wider presence in western France and the opening of a new ready-mix concrete plant in Luxembourg

Consolidated key figures Europe	2012	2011	±%	±% LFL*
Production capacity cement in million t	49.2	49.8	–1.2	
Cement and grinding plants	36	37		
Aggregates plants	239	256		
Ready-mix concrete plants	497	556		
Asphalt plants	57	58		
Sales of cement in million t	26.3	26.8	–2.0	–3.9
Sales of mineral components in million t	2.3	2.4	–6.5	–6.5
Sales of aggregates in million t	74.3	83.0	–10.5	–11.1
Sales of ready-mix concrete in million m^3	14.7	16.1	–8.6	–8.8
Sales of asphalt in million t	4.6	5.4	–14.5	–14.5
Net sales in million CHF	5,809	6,122	–5.1	–5.0
Operating EBITDA in million CHF	627	930	–32.6	–32.8
Operating EBITDA margin in %	10.8	15.2		
Personnel	17,924	19,602	–8.6	–10.3

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

generated welcome additional business. The economic challenges facing Spain proved a major burden. With the civil and structural engineering sectors in a sorry state, Holcim Spain reported a sizable decrease in sales of aggregates and ready-mix concrete. The cement segment fared better, and the Group company was shored up by exports of cement and clinker.

Both German Group companies registered a decline in cement deliveries. Mounting price pressure in the larger urban centers of Holcim Germany's home market in the north of the country impacted ready-mix concrete deliveries. This prompted the Group company to restructure its ready-mix operations and enter into new partnerships. Following the buy-out of some remaining minority shareholders, Holcim Germany is now a 99.7-percent Group subsidiary. The sister company in southern Germany reported a downturn in deliveries of aggregates as well as ready-mix concrete. Sales in Switzerland were pushed down by a surge of building material imports fueled by the weak euro. The negative trend in aggregates sales was exacerbated by a reduction in demand for aggregates for the Ceneri tunnel project. Holcim Italy also had to contend with lower sales volumes. Milan was a notable exception thanks to the positive effect of Expo 2015.

In Eastern Europe, despite the fight against the recession mounted by Holcim Czech Republic, sales of cement decreased. Cement exports to neighboring Poland were also down, while import pressure from this country increased. Aggregates deliveries were impacted by various highway construction projects reaching completion. Due to relatively brisk construction activity in the Greater Prague area, the Group company was able to increase the volumes of ready-mix concrete sold. The only drop in sales reported by Holcim Slovakia was in the ready-mix concrete business. Integration of the VSH building materials plants in eastern Slovakia led to an increase in cement deliveries.

Holcim Hungary posted a decline in sales of cement, aggregates and ready-mix concrete owing to market conditions and restructuring measures. Concrete plants, including sales and service departments, were merged to form a new company which will strengthen contact with customers. Holcim Serbia felt the impact of rising volumes of cement imports as well as heightened local competition, a situation compounded by a scarcity of major infrastructure projects. The Group company sold less in all segements. Operating in a similar environment, while selling less cement and aggregates, Holcim Croatia sold more ready-mix concrete.

Inflows of construction orders were muted in Romania. Due to major construction projects and new customers, the Group company succeeded in lifting sales of aggregates and ready-mix concrete. On the other hand, cement deliveries witnessed a decline under pressure from imports. While a drop in domestic demand also pushed cement sales down at Holcim Bulgaria, significantly more clinker was exported. Sales of aggregates decreased.

Russia's government invested heavily in infrastructure expansion. The private housing sector was also buoyed by the country's sound economy. Major industrial and commercial projects provided an additional gain. Drawing on increased capacity at the new Shurovo plant, Holcim Russia reported a strong rise in cement sales, especially in the greater Moscow area and Samara. Azerbaijan also enjoyed dynamic growth, and the construction industry received additional impetus from building projects in the run-up to the Eurovision Song Contest. The Group company reported new record volumes of cement sold.

Cement sales in Group region Europe declined by 2 percent to 26.3 million tonnes. Shipments of aggregates were down 10.5 percent to 74.3 million tonnes, while deliveries of ready-mix concrete fell 8.6 percent to 14.7 million cubic meters. The volume of asphalt decreased 14.5 percent to 4.6 million tonnes.

Higher trade volume

In 2012, Holcim Trading posted a trading volume of 23.7 million tonnes (2011: 21). The deliveries of all products were up, with a particular increase in the volume of clinker. The main consumers were Brazil, Nigeria and Angola. The demand for coal increased in India and the Middle East. Southeast Asia and Africa represented around 40 percent of the total volume of traded cement and clinker worldwide.

Lower operating result

The Group region's operating EBITDA contracted by 32.6 percent to CHF 627 million, and an operating loss of CHF 360 million (operating profit 2011: CHF 47 million) had to be reported. Sales downturns, including some hefty declines, as well as pressure on prices in virtually all markets and lower revenues from the sale of CO_2 emission certificates all weighed on regional financial results. Moreover, in the first nine months of 2012, CHF 47 million in cash restructuring costs were incurred at Holcim Spain, Holcim Hungary and Aggregate Industries UK, and in the fourth quarter a further CHF 133 million cash costs were charged for restructuring measures that additionally triggered write-offs on assets in the amount of CHF 418 million. Excluding the restructuring costs, like-for-like operating EBITDA decreased 13.4 percent.

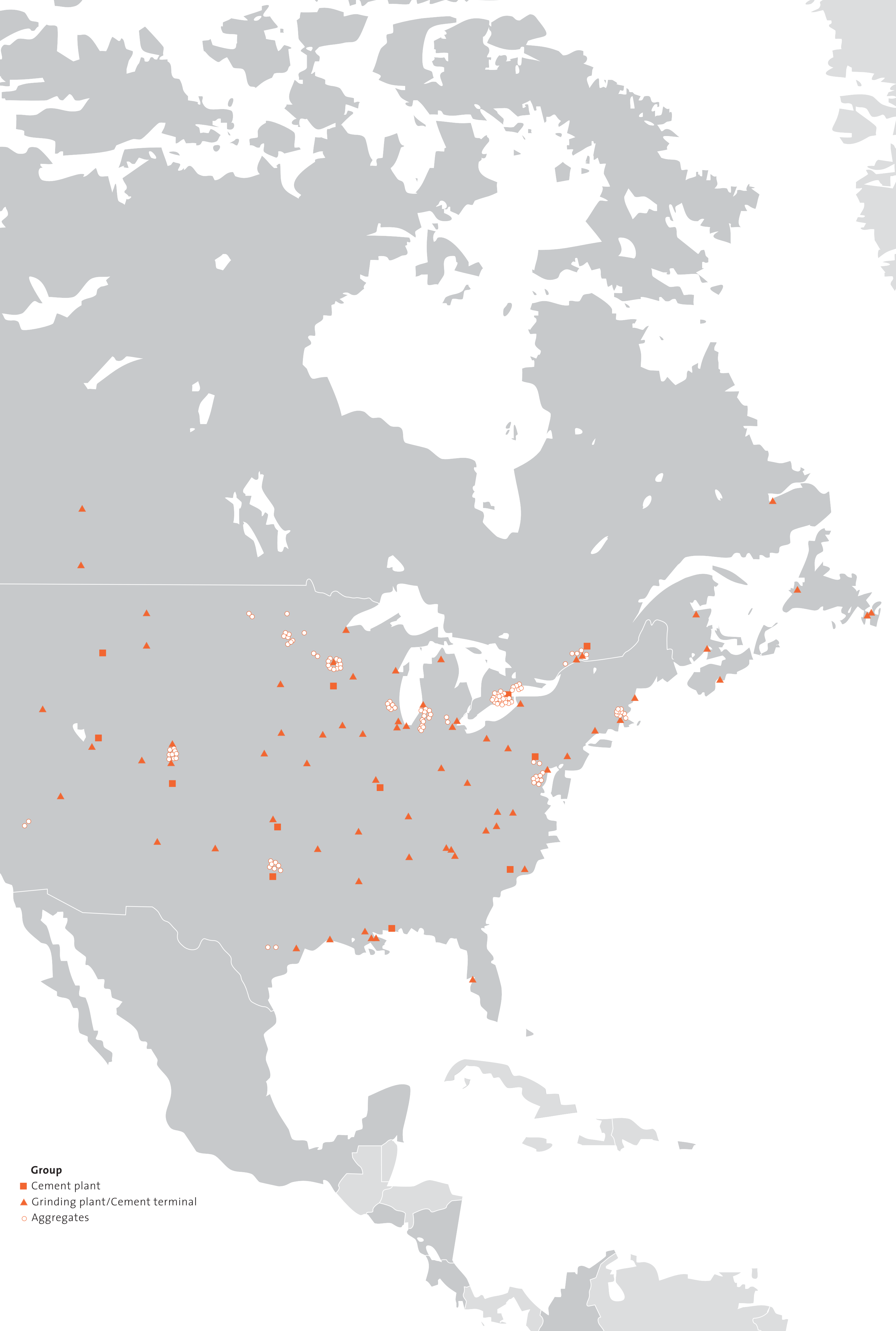
A year-on-year decline in results was reported, most notably by the Group companies in Switzerland – owing to lower volumes in the face of imports – the UK, Belgium, Germany and Hungary. In contrast, the Group companies in Russia and Azerbaijan achieved significantly better operating results. Internal operating EBITDA development for the entire Group region stood at –32.8 percent.

Holcim Leadership Journey

In light of the poor economic climate, capacity was not sufficiently utilized in many markets. Extensive restructuring measures were rolled out in Southern Europe in particular but also in individual countries in Western and Eastern Europe. These measures aim to strengthen cost leadership. Efforts were also undertaken to optimize energy efficiency, as exemplified by increased use of alternative fuels in clinker production. In the area of customer excellence, Group companies launched initiatives to strengthen the cement application knowledge of the organization and of the sales personnel in particular. This will allow Holcim to be recognized as a solution providing supplier in the market and lead to increased customer loyalty.

Outlook for 2013

In 2013, individual countries are expected to gradually start emerging from the recession that is gripping their construction markets. That said, in many places, positive trends will be hampered by budget consolidation drives. Private customers are also reluctant to invest in construction in the current uncertain environment. In Russia and Azerbaijan, Holcim expects to see continuing brisk construction activity. On balance, modest declines in sales volumes are still expected for all segments in Europe. Nevertheless, due to restructuring measures under the Holcim Leadership Journey that had either already been implemented or were announced in the fourth quarter of 2012 and the generally high level of cost awareness, Group region Europe is set to generate better operating results in 2013.


Group
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Aggregates

North America continues to grow

Still on track for recovery

The US economy made further headway. However, the situation on the jobs market remained difficult despite the economy continuing to ease. Investor sentiment was weighed down by the fierce budget debate between the administration and the opposition. Canada successfully navigated the economic challenges, and the economy remained on a high level. That said, the mounting budget deficit had an adverse effect. What is more, a number of provinces had to impose spending cuts, which also impacted construction activity.

New private house starts on the increase

The US construction industry's recovery continued. The same is true of the real estate sector, with increasing signs that the housing market has bottomed out. A considerable rise in the number of new house starts was recorded. However, the public sector's cautious investment policy had a visible effect on infrastructure construction.

Canada's construction and building materials sectors benefited from several growth drivers. There was a significant increase in demand for additional housing as well as office and commercial space – above all in the major cities. Toronto even took the lead position within North America in this regard. Investments in infrastructure were channeled mainly into transportation in urban centers and improving transport links with remote, resource-rich regions. Investment capital was also directed at increasing road haulage capacity between Canada and the USA.

Infrastructure in heavy demand

Holcim US sold substantially more cement. The Group company benefited from a resurgence of building construction, although this varied from region to region. While the western and southern states witnessed substantial increases, recovery from the recession proved slow in the north and Midwest. Growth was somewhat stronger in the commercial and industrial construction sectors.

Aggregate Industries US also felt the impact of the positive developments in the construction markets, reflected in higher sales of ready-mix concrete. Ennstone, Inc., which was fully integrated into the Group company in October 2011, also made a significant contribution to volume growth. Ennstone owns

Consolidated key figures

North America	2012	2011	±%	±% LFL*
Production capacity cement in million t	22.0	21.9	+0.4	
Cement and grinding plants	17	17		
Aggregates plants	117	118		
Ready-mix concrete plants	225	229		
Asphalt plants	42	46		
Sales of cement in million t	12.0	11.4	+5.0	+5.0
Sales of mineral components in million t	1.4	1.5	–4.3	–4.3
Sales of aggregates in million t	41.3	43.5	–5.2	–7.3
Sales of ready-mix concrete in million m^3	8.1	7.1	+14.2	+8.7
Sales of asphalt in million t	4.5	5.0	–8.5	–8.5
Net sales in million CHF	3,276	2,987	+9.7	+3.3
Operating EBITDA in million CHF	480	346	+38.8	+32.4
Operating EBITDA margin in %	14.7	11.6		
Personnel	7,136	7,543	–5.4	–5.4

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

sand and gravel works as well as limestone quarries and ready-mix concrete plants in the Mid-Atlantic region. Acquired in the spring of 2011, Texas-based building materials supplier Lattimore Materials was consolidated for the full year for the first time. Aggregates deliveries fell short of the previous year's level. This was due largely to the completion of a major infrastructure project in the Mid-Atlantic region, which had absorbed substantial volumes in 2011. Expiry of the American Recovery and Reinvestment Act – the US government's stimulus package to combat the economic and financial crisis – also had an adverse impact on deliveries. By contrast, demand in the North Central region proved a boon for Aggregate Industries US. However, cost-cutting efforts down to municipal level led to a fall-off in road building and a decrease in asphalt sales.

Holcim Canada sold more cement, notably in the Prairie provinces, in Quebec, British Columbia and Ontario. The Group company also benefited from deliveries to mining companies in the Atlantic provinces. It reported a substantial increase in sales of ready-mix concrete, destined primarily for Toronto's housing sector and a Niagara tunnel project. Deliveries of aggregates were down due to customer-side delays in new project starts. Despite solid demand, mainly from the province of Ontario, asphalt sales decreased.

In Group region North America, shipments of cement increased by 5 percent to 12 million tonnes, while deliveries of ready-mix concrete rose by 14.2 percent to 8.1 million cubic meters. Shipments of aggregates declined by 5.2 percent to 41.3 million tonnes. The volume of asphalt sold was down 8.5 percent to 4.5 million tonnes.

Significant improvement in operating EBITDA
The Group region's operating EBITDA improved by 38.8 percent to CHF 480 million, and operating profit increased to CHF 165 million (operating loss 2011: CHF 0.4 million). Excluding the restructuring costs at Holcim Canada, like-for-like operating EBITDA increased 27.4 percent. Both US Group companies achieved stronger results, underpinned to a considerable degree by stable costs. Holcim US benefited in particular from steady energy prices, in particular for natural gas. Price adjustments had a positive impact on the financial statements. In Canada, the result was buoyed mainly by volume increases, but price rises in the aggregates and ready-mix concrete segments also played a role. The Canadian Group company kept costs stable, producing a high operating EBITDA. Internal operating EBITDA growth for the Group region as a whole stood at 32.4 percent.

Holcim Leadership Journey

The North American Group companies centered marketing activities on measures to increase customer excellence and customer loyalty. Holcim US and Aggregate Industries US stepped up market analysis efforts and aligned organizational structures to the changed conditions. Designed to help customers assess weather conditions for planned concrete projects, the new weather app from Holcim US met with a positive response.

Holcim Canada installed new burners on the kilns in Mississauga and Joliette to raise energy efficiency at the plants.

Outlook for 2013

The economic situation in the USA is likely to improve further. The temporary resolution of the budget dispute has dispelled uncertainties for the moment and freed up new resources. The positive development in the construction industry should gather momentum in the course of the year. Government investment above all in road building is expected following US Congress approval to extend federal funding for highway and other transport programs through 2014. The Canadian economy will also remain on a growth path. Cement sales are expected to grow at the same rate as in the year under review.


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

Group region Africa Middle East overshadowed by political tension

Muted growth

The economies of Group region Africa Middle East were impacted by the political uncertainties in North Africa and the civil war in Syria.

Housebuilding the main driver

The Moroccan government's efforts to promote housing and tourism had a positive impact in the first part of the year, however the Group company sales slightly decreased in all segments. The turmoil in Syria hampered Lebanon's construction operations, particularly in the north of the country. On the other hand, building activity remained robust in the Beirut area. Holcim Lebanon sold less cement, but more ready-mix concrete. Group companies in the Indian Ocean region reported slight declines in cement sales. Holcim increased its deliveries of aggregates due to La Réunion. In Mauritius, demand for building materials was shored up by road construction and an airport project. Overall, local grinding plants in West Africa and the Arabian Gulf recorded a slight increase in deliveries of cement with particularly strong growth in sales volumes in Ivory Coast.

Stronger regional cooperation

The Group companies adopted a range of measures to reduce production and logistics costs. Holcim Madagascar brought down the cost of transportation by ship, and on La Réunion Holcim renegotiated sea freight charges. The focus of investments in Lebanon was on a new heat recovery system. The clinker factor was also reduced. The grinding plant in Ivory Coast benefited from closer cooperation with the neighboring Group companies, which improved capacity utilization. Cement sales in Group region Africa Middle East declined by 4.4 percent to 8.4 million tonnes. Shipments of aggregates were up 1.3 percent to 2.3 million tonnes, while deliveries of ready-mix concrete fell 2 percent to 1.1 million cubic meters.

Earnings impacted by higher costs

Operating EBITDA for Group region Africa Middle East decreased by 11 percent to CHF 278 million, and operating profit declined by 16.3 percent to CHF 219 million. Holcim Lebanon's financial results were adversely impacted by lower sales volumes and higher production costs in a better pricing environment. In Morocco profitability was squeezed, chiefly by lower volumes and prices despite lowering the cost base. Despite the growth in revenue achieved in the grinding plants in West Africa and the Arabian Gulf, operating EBITDA remained at a par with the previous year's figure because of higher structural costs. The companies in the Indian Ocean region demonstrated reasonably stable financial performance. Internal operating EBITDA development came to –11.1 percent.

Outlook for 2013

Economic development is likely to remain muted in Group region Africa Middle East. Sales should continue to be supported by housing construction and remain at the previous year's level.

Consolidated key figures

Africa Middle East	2012	2011	±%	±% LFL*
Production capacity cement in million t	10.7	11.1	–3.1	
Cement and grinding plants	13	13		
Aggregates plants	5	5		
Ready-mix concrete plants	24	24		
Sales of cement in million t	8.4	8.7	–4.4	–4.4
Sales of aggregates in million t	2.3	2.3	+1.3	+1.3
Sales of ready-mix concrete in million m^3	1.1	1.1	–2.0	–2.0
Net sales in million CHF	947	959	–1.3	–1.4
Operating EBITDA in million CHF	278	312	–11.0	–11.1
Operating EBITDA margin in %	29.4	32.6		
Personnel	2,153	2,140	+0.6	+1.2

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

Volunteering for communities

Supporting construction projects

Holcim employees have a lot of know-how in the area of construction. For this reason many of them took part in construction activities, contributing to a better living environment for residents of local communities.

Poorer regions often lack sufficient living space or intact infrastructure. For this reason, many employees chose to take part in activities in this area, logging some 93,000 volunteering hours.

In Mexico, employees of Holcim Apasco worked on several construction projects in conjunction with local NGOs to aid poorer members of the population. Working with the NGO "Ayúdame que yo También soy Mexicano" ("Help me I am also Mexican"), for example, they helped build a housing complex near Mexico City. A similar project took place under the auspices of a local foundation. The work was strenuous but rewarding. For many families it meant new and better housing.

Employees in Indonesia helped build 20 solid houses in the village of Karang Tengah. Here too, volunteers put their muscles and know-how to work for a good cause.

Paving the way

Road building projects were a focus of many construction-related volunteering activities. In one example, employees from Dufferin Construction, a division of Holcim Canada, paved walkways in Coronation Park in the town of Oakville. In another activity in Chile, local employees in Temuco paved a small road.

The cleaning, renovating and refurbishing of parks and other community spaces also had their place among the centennial activities. For example, playgrounds were renovated or sports grounds repaved.

In Bulgaria, employees renovated a village playground, a schoolyard and a stadium in the cities of Sofia and Plovdiv. In Switzerland, employees helped refurbish a shelter for asylum seekers.

Through their efforts, all volunteers helped to at least somewhat improve living conditions for many people. Via an extensive infrastructure project carried out by Huaxin Cement in China, a Holcim-affiliated company, it was possible to refurbish the agricultural infrastructure of three local villages – an effort with an immediate positive effect on the farmers' income.

Sustainable construction

The fact that on many of these projects Holcim worked together with NGOs, such as Habitat for Humanity, also underscores the Group's commitment to promoting sustainable construction.

Sustainable construction is not just dependent on the choice of materials, but also on the application of sustainable building practices during the construction process. This starts with architecture and engineering and goes all the way through to urban planning.

To support sustainable construction practices globally, Holcim founded the Holcim Foundation for Sustainable Construction in 2003. During the centennial year, Holcim also made a sizeable donation to the Swiss Federal Institute of Technology in Zurich to establish an endowed chair of Sustainable Construction.

Corporate governance

Holcim applies high standards to corporate governance. The goal is to assure the long-term value and success of the company in the interests of various stakeholder groups: customers, shareholders, employees, creditors, suppliers and the communities where we operate.

Acting responsibly

The ultimate goal of effective corporate governance is long-term value creation and strengthening of the Group's reputation. This includes continuous improvement to decision-making processes and management systems through legal, organizational and ethical directives and terms of reference, as well as measures to enhance transparency. Compliance with internal and external directives, early recognition of business risks, social responsibility for stakeholder groups and open communication on all relevant issues are among the principles of Holcim. Since 2004, the Code of Conduct, binding for the entire Group, has been part of the mission statement.

Holcim aims to achieve a balanced relationship between management and control by keeping the functions of Chairman of the Board of Directors and CEO separate. With the exception of Markus Akermann, former CEO of Holcim Ltd, all directors are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. Since the introduction of a uniform registered share in 2003, the principle of "one share, one vote" applies.

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 the interest of clarity, reference is made to other parts of the Annual Report or, for example, to our website (www.holcim.com). Pages 89 to 91 of this report reflect on the duties of the Audit Committee, the Nomination & Compensation Committee and the Governance & Strategy Committee as well as on the Organizational Rules.

Group structure and shareholders

The holding company Holcim Ltd operates under the laws of Switzerland for an indefinite period. Its registered office is in Rapperswil-Jona (Canton of St. Gallen, Switzerland). It has direct and indirect interests in all companies listed on pages 197 to 199 of this Annual Report.

The Group is organized by geographical regions. The management structure as at December 31, 2012, and changes which occurred in 2012, are described in this chapter. The current organizational chart is shown on pages 38 and 39.

Holcim has no mutual cross-holdings with any other company. There are neither shareholders' agreements nor other agreements regarding voting or holding of Holcim shares.

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

Topic	
Business review in the individual Group regions	P. 62–81
Segment information	P. 156–160
Principal companies	P. 197–199
Information about Holcim Ltd and listed Group companies	P. 51, 198
Important shareholders	P. 214

Capital structure

In 2003, one uniform type of registered share was introduced in order to comply with international capital market requirements in terms of an open, transparent and modern capital structure and to enhance attractiveness, particularly for institutional investors.

The share capital of Holcim Ltd is divided into the following categories:

Share capital

The share capital is divided into 327,086,376 registered shares of CHF 2 nominal value each. As at December 31, 2012, the nominal, fully paid-in share capital of Holcim Ltd amounted to CHF 654,172,752.

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, 2012). 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. The subscription rights of the shareholders shall be excluded. The current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. The acquisition of shares through the exercise of conversion rights and/or warrants and each subsequent transfer of the shares shall be subject to the restrictions set out in the Articles of Incorporation. As at December 31, 2012, no bonds or similar debt instruments of the company or one of its Group companies were outstanding that would give rise to conversion rights related to the conditional capital; therefore, in the year under review, no conversion rights have been exercised. Further information on conversion rights and/or warrants and applicable conditions may be found in the Articles of Incorporation of Holcim Ltd at www.holcim.com/corporate_governance.

Authorized share capital/Certificates of participation

As at December 31, 2012, neither authorized share capital nor certificates of participation were 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	P. 212 Information for the year 2010 is included in the Annual Report 2011, P. 244 www.holcim.com/equity
Detailed information on conditional capital	www.holcim.com/corporate_governance Articles of Incorporation, Art. 3 bis
Key data per share	P. 48–52, 188, 214–215
Rights pertaining to the shares	www.holcim.com/corporate_governance Articles of Incorporation, Art. 6, 9, 10
Regulations on transferability of shares and nominee registration	P. 94 www.holcim.com/corporate_governance Articles of Incorporation, Art. 4, 5
Warrants/Options	P. 186–187

Board of Directors

The Board of Directors consists of 12 members, 11 of whom are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. Former CEO Markus Akermann is the sole non-independent member in the Board of Directors. According to Art. 15 of the Articles of Incorporation, all Directors are shareholders of the company.

Please see pages 97 to 100 for the biographical information of the Board members.

Wolfgang Schürer retired from the Board of Directors at the annual general meeting of shareholders 2012. He had been a member of this body since 1997. The Board of Directors has expressed sincere gratitude for his service.

In 2012, the shareholders elected Wolfgang Reitzle to the Board of Directors. He is a German citizen, studied engineering and economics at the Technical University of Munich and holds a degree and a PhD in mechanical engineering. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed regular member of the Executive Board, responsible for research and development. In 1999, Wolfgang Reitzle took over as CEO of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and became CEO in 2003. Wolfgang Reitzle is also Chairman of the Board of Continental AG, Hannover, Germany.

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

The Board of Directors meets as often as business requires, but at least four times each year. In 2012, six regular meetings and two regular private meetings without the presence of the Executive Committee were held, which were integrated as part of the regular meetings as of April 2012. In addition one strategy meeting was held. The Board of Directors held two regular meetings with all members present, two meetings with one member excused, one meeting with two members excused and one meeting with three members excused. At the Strategy Meeting all members where present. As a rule, the members of the Executive Committee attended those parts of the regular meetings of the Board which dealt with operational issues of the Group. The average duration of each meeting (with private meetings added to ordinary meetings for January and February) was 5 hours.

Composition of the Board of Directors

Rolf Soiron	Chairman[1]
Beat Hess	Deputy Chairman
Erich Hunziker	Deputy Chairman[2]
Markus Akermann	Member
Christine Binswanger	Member
Alexander Gut	Member
Peter Küpfer	Member[3]
Adrian Loader	Member
Andreas von Planta	Member
Wolfgang Reitzle	Member[4]
Thomas Schmidheiny	Member
Wolfgang Schürer	Member[5]
Dieter Spälti	Member

[1] Governance & Strategy Committee Chairman since January 1, 2013.
[2] Governance, Nomination & Compensation Committee Chairman. As of January 1, 2013, renamed Nomination & Compensation Committee.
[3] Audit Committee Chairman.
[4] As of April 17, 2012.
[5] Until April 17, 2012.

Election and terms of office of the Board of Directors

The members of the Board of Directors are each elected individually and for a three-year term of office. Elections are staggered such that every year approximately one-third of the Board of Directors stands for election. Members of the Board of Directors may be proposed for re-election by the Board of Directors upon motion by the Nomination & Compensation Committee. The Nomination & Compensation Committee bases its motion on a review of the overall performance of each candidate. After four three-year terms, the review includes the question as to why a further tenure as a member of the Board of Directors is deemed to be in the best interest of the company.

Members of the Board of Directors shall retire regardless of a current term of office at the first general meeting of shareholders following their seventieth birthday.

Other major Swiss and foreign mandates of the Board of Directors outside the Holcim Group as at December 31, 2012

Board of Directors	Mandate	Position
Rolf Soiron	Lonza Group Ltd, Basel*	Chairman of the Board
Beat Hess	Nestlé S.A., Vevey*	Member of the Board, Member of the Chairman's and Corporate Governance Committee
	Sonova Holding AG, Stäfa*	Vice Chairman of the Board
Erich Hunziker	BB Biotech AG, Schaffhausen*	Member of the Board
	IMD, Lausanne	Member of the Supervisory Board
	Permira Advisers LLP, London	Senior Advisor
Christine Binswanger	Herzog & de Meuron, Basel	Senior Partner
Alexander Gut	Gut Corporate Finance AG, Zurich	Managing Partner
	Adecco S.A., Chéserex*	Member of the Board
Peter Küpfer	GE Money Bank AG, Zurich	Chairman of the Board
	Metro AG, Düsseldorf*	Member of the Supervisory
Adrian Loader	Oracle Coalfields PLC, London*	Chairman of the Board
	GardaWorld, Montreal*	Member of the International Advisory Board
Andreas von Planta	SIX Swiss Exchange AG, Zurich	Chairman of the Regulatory Board
	Schweizerische National-Versicherungs-Gesellschaft AG, Basel*	Chairman of the Board
	Générale-Beaulieu Holding SA, Geneva	Chairman of the Board
	HSBC Private Bank (Switzerland) SA, Geneva	Chairman of the Board
	HSBC Private Banking Holding (Switzerland) SA, Geneva	Vice Chairman of the Board
	Novartis AG, Basel*	Member of the Board
	Raymond Weil SA, Geneva	Member of the Board
	Socotab Frana SA, Geneva	Member of the Board
Wolfgang Reitzle	Linde AG, Munich*	Chief Executive Officer
	Continental AG, Hannover*	Chairman of the Board
Thomas Schmidheiny	Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona	Chairman of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona	Chairman of the Board
Dieter Spälti	Rieter Holding AG, Winterthur*	Member of the Board
	Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona	Member of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona	Member of the Board

* Listed company.

The following expert committees are operational:

Audit Committee (since 2002)

The Audit Committee assists and advises the Board of Directors in conducting its supervisory duties with respect to the internal control systems. It examines the reporting for the attention of the Board of Directors and evaluates the Group's external and internal audit procedures, reviews the risk management systems of the Group and assesses financing issues.

Composition of the Audit Committee

Peter Küpfer	Chairman
Alexander Gut	Member
Andreas von Planta	Member
Dieter Spälti	Member

All members are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance, in order to ensure the necessary degree of objectivity required for an Audit Committee.

In 2012, four regular meetings of the Audit Committee were held. Two regular meetings were held with all members of the committee present and two with one member excused. Three meetings were also attended by the auditors, and at three meetings, the Head of Group Internal Audit was present for certain agenda topics. Furthermore, the Chairman of the Board of Directors, the CEO and the CFO attended the meetings of the Audit Committee as guests. The average duration of each meeting was 4.6 hours.

In 2012, the committee has particularly reviewed the financial reporting of the Group and the releases of the quarterly results, the findings of the external auditors, taken note of the status of the ICS (internal control system), discussed the findings of Group Internal Audit, dealt with compliance, internal directives and evaluated financing issues. The committee has also evaluated the performance of the external auditors. The Audit Committee's Charter is available at www.holcim.com/corporate_governance.

Nomination & Compensation Committee (since 2002, renamed as of January 1, 2013 from formerly Governance, Nomination & Compensation Committee)

The Nomination & Compensation Committee supports the Board of Directors in planning and preparing succession at the Board of Directors and senior management level. It monitors developments with regard to compensation for the Board of Directors and senior management, and briefs the Board of Directors accordingly. The committee decides on the compensation paid to the Executive Committee, and on the CEO's targets and performance assessment, and informs the Board of Directors as a whole of the decisions taken.

Composition of the Nomination & Compensation Committee

Erich Hunziker	Chairman
Beat Hess[1]	Member
Adrian Loader	Member
Thomas Schmidheiny	Member

[1] Since August 13, 2012.

Under its previous denomination as Governance, Nomination & Compensation Committee the Nomination & Compensation Committee held three regular meetings in 2012. 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 Nomination & Compensation Committee may be found at www.holcim.com/corporate_governance. More details on the activities of the Nomination & Compensation Committee, in particular with regard to the process of determination of compensation, can be found in the remuneration report, starting on page 106.

Governance & Strategy Committee (since 2013)

The Governance & Strategy Committee supports the Board of Directors in all strategy related matters and in all governance related matters insofar as these governance related matters do not fall in the fields of tasks and responsibilities of either the Audit Committee or the Nomination & Compensation Committee.

It monitors developments with regard to strategic and governance related matters and briefs the Board of Directors accordingly. The committee is dealing with any matters within the Board of Director's authority, which are urgent and may arise between scheduled ordinary Board of Directors meetings, including the authorization to take preliminary action on behalf of the Board, followed by adequate information of the Board of Directors.

Composition of the Governance & Strategy Committee

Rolf Soiron	Chairman[1]
Beat Hess	Member
Erich Hunziker	Member
Dieter Spälti	Member

[1] Ex officio as Chairman of the Board.

The Governance & Strategy Committee as a rule holds three regular meetings per year.

The Charter of the Governance & Strategy Committee may be found 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 Organizational Rules. The Organizational Rules may be found on our website at www.holcim.com/corporate_governance.

Organizational Rules

The Organizational Rules entered into force on May 24, 2002, and according to the Organizational Rules shall be reviewed at least every two years and amended as required. They were last reviewed in 2012.

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 tasks and competences of the company's bodies. 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 independent, the Organizational Rules provide for the election of an Independent Lead Director, such election must be confirmed on a yearly basis.

The Board of Directors also has the power to establish expert committees and, if required, ad-hoc committees for special tasks. The Board of Directors can delegate special tasks or tasks related to specific functions to Deputy Chairmen on a temporary or permanent basis.

As part of its non-transferable statutory responsibilities, the Board of Directors defines the corporate strategy, approves the consolidated Group budget, the quarterly consolidated financial statements (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 the Annual Report for submission to the annual general shareholders meeting, and reviews the professional qualifications of the external auditors.

The Executive Committee is responsible for operational management, preparing a large part of the business of the Board of Directors – including proposals of corporate strategies – and executing the latter's resolutions. The Executive Committee issues directives and recommendations with Group-wide significance in its own authority; furthermore, the Executive Committee is responsible for electing and dismissing Area Managers, Corporate Functional Managers, Function Heads and CEOs of Group companies, as well as for the nomination of the members of the Board of Directors and supervisory bodies of the Group companies.

Within the framework of budget approval, the Board of Directors defines limits for investments and financing. Within these limits, the Executive Committee decides on financing transactions and on one-off investments and divestments for amounts up to CHF 200 million. Amounts beyond this are subject to approval by the Board of Directors. The Board of Directors is regularly informed about important transactions within the authority 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 assesses the performance of the members of the Executive Committee and, after advice and assessment by the Nomination & Compensation Committee, determines their respective objectives.

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.

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

All individuals vested with the powers to represent the company have only 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. All Directors may request information from the CEO through the Chairman of the Board of Directors. At meetings of the Board, any attending member of the Executive Committee has a duty to provide information. All members of the Board of Directors have a right to inspect books and files to the extent necessary for the performance of their tasks.

1. Financial reporting

The Board of Directors is informed on a monthly basis about 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 with Business Risk Management (BRM) implemented in 1999. The BRM process has been anchored in the entire Group covering 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. The full risk spectrum, from market, operations, finance and legal, to external risk factors of the business environment, is reviewed, including compliance and reputational risks. The risk assessment is not limited to a hazard analysis, but also identifies measures and possible opportunities.

The Group's risk position is assessed from both top-down and bottom-up. In addition to the Group companies, senior management also conducts an annual risk analysis. The Board of Directors analyzes the Group's risks and opportunities at least once a year and discusses them with the Executive Committee as part of the annual strategy review.

The BRM process consists of several steps. First, risks as well as opportunities are assessed and prioritized according to significance and likelihood. Top risks are analyzed more deeply regarding their causes. In a third step, the analysis of the current risk situation is completed with a detailed assessment of the consequences. Then, decisions are taken on how to deal with specific risks, on the consolidated risk profile and on mitigating actions. During the year, risks and opportunities are systematically monitored and reported. Information gathered in the process is stored in a protected, centralized database which allows instant access for all Group companies around the world to their information for data evaluation and reporting. Responsibilities concerning risks are clearly defined. The corporate function Strategy & Risk Management is responsible for the BRM process and timely reporting by the Executive Committee to the Board of Directors.

3. Internal Audit

Internal Audit assures the existence and pertinence of process controls and integrity of information. For more details, see page 37. 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 areas to be addressed by Internal Audit, and the Head of Internal Audit periodically updates the Audit Committee on the activities of Internal Audit.

Senior management

Senior management of Holcim Ltd comprises the CEO, members of the Executive Committee, Area Managers and 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 ultimately supervised and managed by a member of the Executive Committee. Members of the Executive Committee may be assisted by Area Managers and Corporate Functional Managers in their area of responsibility.

The following changes within senior management occurred during the year under review:

Bernard Fontana, joining Holcim from his former position as CEO of Aperam, a Luxembourg-domiciled listed corporate group that was spun off from ArcelorMittal in the fall of 2010 is CEO of Holcim Ltd since February 1, 2012.

Roland Köhler, member of the Executive Committee, formerly CEO of Holcim Group Support Ltd, as of September 1, 2012 has taken over responsibility for the newly structured group region Europe. This region consists of Western (excluding the UK), Central, Eastern, and Southeastern Europe, as well as the CIS/Caspian region.

Bernard Terver, former Area Manager of Holcim Ltd, has been appointed as member of the Executive Committee as of September 1, 2012 with responsibility for North America and UK.

Ian Thackwray, member of the Executive Committee with responsibility for the companies in East Asia, including China, the Philippines and Oceania, as of September 1, 2012 has assumed additional responsibility for Holcim Trading, one of the world's leading trading organizations for cement, clinker, and other construction materials.

Javier de Benito, Area Manager and member of the senior management since 2003, as of September 1, 2012, directly leads the Group region Africa Middle East including the Group's positions in West Africa and the Arabian Gulf that formerly have been run by Holcim Trading. As of the same date he is also responsible for the Group's interests in South and East Africa. Javier de Benito reports directly to CEO Bernard Fontana.

Horia Adrian, former CEO of Holcim Russia, has been appointed Area Manager and as such member of senior management of Holcim Ltd as of September 1, 2012. He is responsible for the markets in Eastern and Southeastern Europe, including CIS/Caspian region. He reports directly to Executive Committee member Roland Köhler.

Urs Fankhauser, Area Manager and member of senior management of Holcim Ltd since 2011 with responsibility for the markets in Eastern and Southeastern Europe, as of September 1, 2012 assumed responsibility for Western Europe, including Spain but excluding the UK and reports directly to Executive Committee member Roland Köhler.

Kaspar E. A Wenger, former country manager Switzerland and now a.i. country manager Switzerland. as of September 1, 2012 has been appointed Area Manager and member of Senior Management of Holcim Ltd and has taken up additional responsibility for the Area Central Europe (Switzerland, Southern Germany, Italy) and reports directly to Executive Committee member Roland Köhler.

Urs Bleisch, former Head of the corporate Information and Knowledge Management function as of September 1, 2012 has been appointed Corporate Functional Manager and member of Senior Management of Holcim Ltd. As CEO of Holcim Group Services Ltd and of Holcim Technology Ltd, he leads the functions Aggregates & Construction Materials, Cement Manufacturing, Marketing & Commercial, Innovation (including Knowledge Management) and Sustainable Development and the newly created Project Management Office (PMO) for the Holcim Leadership Journey and reports directly to CEO Bernard Fontana.

Urs Böhlen has left the Executive Committee of Holcim Ltd with effect as of August 31, 2012 and acted as an advisor to the CEO until his retirement on December 31, 2012. Benoît-H. Koch and Patrick Dolberg have retired from their positions as members of the Executive Committee with effect as of August 31, 2012 and have left the Group.

Executive Committee

During the year under review, the Executive Committee of Holcim Ltd comprised nine and as of September 1, 2012 seven members. 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[1]	CEO
Bernard Fontana[2]	CEO
Thomas Aebischer	CFO
Urs Böhlen[3]	Member
Patrick Dolberg[3]	Member
Paul Hugentobler	Member
Benoît-H. Koch[3]	Member
Roland Köhler	Member
Andreas Leu	Member
Bernard Terver[4]	Member
Ian Thackwray	Member

[1] Until January 31, 2012.
[2] Since February 1, 2012.
[3] Until August 31, 2012
[4] Since September 1, 2012.

Please consult pages 101 and 102 for biographical information on the members of the Executive Committee. Regional and functional responsibilities are shown on the organizational chart on pages 38 and 39.

Area Management

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

Composition of the Area Management

Horia Adrian[1]	Eastern and Southeastern Europe, including CIS/Caspian region
Javier de Benito	Africa Middle East including the Group's positions in West Africa, Arabian Gulf and South and East Africa[2]
Urs Fankhauser	Western Europe, including Spain but excluding the UK[2]
Aidan Lynam	Bangladesh, Malaysia, Singapore, Sri Lanka, Vietnam
Onne van der Weijde	India
Kaspar E.A. Wenger[1]	Central Europe (Switzerland, Southern Germany, Italy)

[1] Since September 1, 2012.
[2] New areas of responsibility since September 1, 2012.

Please see pages 103 and 104 for biographical information on Area Managers.

Corporate Functional Managers

Corporate Functional Managers are responsible for specific functions and dimensions and report to the CEO Holcim Group Services Ltd and Holcim Technology Ltd, who in turn reports to the Group CEO.

Composition of the Corporate Functional Management

Urs Bleisch[1]	CEO Holcim Group Services Ltd and Holcim Technology Ltd and PMO for the Holcim Leadership Journey
Jacques Bourgon	Cement Manufacturing Services

[1] Since September 1, 2012.

Please see page 105 for biographical information on the Corporate Functional Managers.

Management agreements

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

Compensation, shareholdings and loans

Details of Board and management compensation are contained in the remuneration report (page 106) and in the consolidated financial statements (page 191, note 40).

Shareholders' participation

Voting rights and representation restrictions

All holders of registered shares who are registered as shareholders with voting rights in the share register at the closing date for the share registry (approximately one week prior to the general meeting. The closing date will be communicated with the invitation to the general assembly) are entitled to participate in, and vote at, general meetings. Shares held by trusts and shares for which no declaration has been made that the holder requesting registration is holding the shares in his own name and for his own account are entered in the share register as having no voting rights. Shareholders not participating in person in the general meeting may be represented by another shareholder, by the custodian bank, by the company as representative of the governing body or by the independent voting proxy. Voting rights are not subject to any restrictions. Each share carries one vote.

Statutory quorums

The general meeting of shareholders 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 or the Merger Act provide otherwise. In such cases, resolutions may only be passed with the respective qualified majority of the votes represented.

According to Art. 10 para. 2 of the Articles of Incorporation and in addition to Art. 704 para. 1 of the Swiss Code of Obligations, 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 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) and the removal or amendment of 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 and resolution. 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/AGM2013.

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 of the company. 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. Exceptions to this rule apply for nominees who have signed a nominee agreement with the company regarding this position and are subject to a recognized banking or financial markets supervisory authority.

The share register is closed approximately one week prior to the date of the general meeting (the exact date will be communicated in the invitation to the 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 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 331/3 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. Considering the reporting and assessments by the Group companies, the Audit Committee evaluates the performance of the auditors and their remuneration in line with market conditions. The Audit Committee approves the audit focus area, provides recommendations to the auditors and makes suggestions for improvement. In 2012, the auditors participated in three regular meetings of the Audit Committee to discuss individual agenda items.

Ernst & Young Ltd, Zurich, were appointed in 2002 as auditors to Holcim Ltd. Since 2011, Willy Hofstetter is responsible for managing the audit mandate, until October 2012 supported by Michael Brenner and as of November 2012 by Elisa Alfieri. The rotation of the lead auditor will be carried out in accordance with Art. 730a of the Swiss Code of Obligations. 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 2012 and 2011:

Million CHF	2012	2011
Audit services[1]	11.1	11.6
Audit-related services[2]	0.4	0.8
Tax services	0.3	0.7
Other services[3]	0.3	0.1
Total	**12.1**	**13.2**

[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, including achievement of its sustainability targets. An open dialog is nurtured with the most important stakeholders, based on mutual respect and trust. This promotes knowledge of the company and understanding of objectives, strategy and business activities of the company.

As a listed company, Holcim Ltd is under an obligation to disclose facts that may materially affect the share price (ad-hoc disclosure, Art. 53 and 54 of the SIX listing rules). Holcim Ltd is subject to the SIX rules on the disclosure of management transactions made by the members of the Board of Directors and senior management. These can be accessed on the SIX website (www.six-exchange-regulation.com/regulation/directives/being_public_en.html).

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

Our commitment to sustainability is described on pages 53 to 58 of this Annual Report. Current information relating to sustainable development is available at www.holcim.com/sustainable. In 2012, Holcim Ltd has published its sixth sustainability report. A full sustainability report is published every second year, with data and performance information updated on the Holcim website every year.

The financial reporting calendar is shown on pages 52 and 220 of this Annual Report.

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

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Board of Directors[1]

Rolf Soiron, Swiss national, born in 1945, Chairman of the Board of Directors since 2003, elected until 2013, Chairman of the Governance, Nomination & Compensation Committee from 2005 until 2011. Chairman of the Governance & Strategy Committee since January 1, 2013. 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 basis – Chairman of the University of Basel. He served from early 2003 until spring 2010 as 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. In 2009, he was elected to the Board of the Swiss Industry Association "economiesuisse" and to the chair of the freemarket think tank "Avenir Suisse". He is also a member of the International Committee of the Red Cross (ICRC) in Geneva. He is a member of the Foundation Board of the Graduate Institute of International and Development Studies in Geneva. He was elected to the Board of Directors of Holcim Ltd in 1994.

Beat Hess, Swiss national, born in 1949, Deputy Chairman of the Board of Directors, elected until 2013, Member of the Governance, Nomination & Compensation Committee from August 2012 until December 2012, member of the Nomination & Compensation Committee and member of the Governance & Strategy Committee since January 1, 2013. He holds a doctorate in law and is admitted to the bar in Switzerland. From 1977 to 2003, he was initially Legal Counsel and subsequently General Counsel for the ABB Group. From 2004 until end of 2010, Beat Hess was Legal Director and member of the Executive Committee of Royal Dutch Shell Group, The Hague, Netherlands. He is also a member of the Board of Directors of Nestlé S.A., Vevey, Switzerland, and Vice-Chairman of the Board of Directors of Sonova Holding AG, Stäfa, Switzerland. He was elected to the Board of Directors of Holcim Ltd in 2010.

Erich Hunziker, Swiss national, born in 1953, Deputy Chairman of the Board of Directors, elected until 2014, Chairman of the Governance, Nomination & Compensation Committee from May 2011 until December 2012, Chairman of the Nomination & Compensation Committee und member of the Governance & Strategy Committee since January 1, 2013. 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. From 2001 until end of March 2011, he served as CFO of F. Hoffmann-La Roche AG and as 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. From 2004 until 2011, he was a member of the Board of Genentech Inc., USA. From 2006 until 2011, he was a member of the Board of Directors of Chugai Pharmaceutical Co. Ltd., Japan. He is a member of the Board of Directors of BB Biotech AG, Schaffhausen, and IMD, Lausanne. He was elected to the Board of Directors of Holcim Ltd in 1998.

[1] For further information on major Swiss and foreign mandates of the Board of Directors outside the Holcim Group, see page 88.

Markus Akermann, Swiss national, born in 1947, CEO until January 31, 2012, member of the Board of Directors, elected until 2013. 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. From January 1, 2002 until his retirement at the end of January 2012, he was CEO of Holcim Ltd. 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 2014. 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 EPFL 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.

Alexander Gut, British and Swiss national, born in 1963, member of the Board of Directors, elected until 2014, member of the Audit Committee. Alexander Gut holds a doctorate degree in Business Administration (Dr. oec. publ.) from the University of Zurich, Switzerland, and is a Swiss Certified Accountant. From 1991 to 2001 he was with KPMG in Zurich and London and from 2001 to 2003 with Ernst & Young in Zurich and was promoted to Partner in 2002. From 2003 to 2007 he was a Partner with KPMG in Zurich, he was promoted to the Executive Committee of KPMG Switzerland in 2005. Alexander Gut is the Founder and Managing Partner of Gut Corporate Finance AG, an independent corporate finance advisory firm in Zurich. Since May 2010, he has been a member of the Board of Directors of Adecco S.A., Chéserex, Switzerland. He was elected to the Board of Directors of Holcim Ltd in 2011.

Peter Küpfer, Swiss national, born in 1944, member of the Board of Directors, elected until 2013, 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 2015, member of the Governance, Nomination & Compensation Committee until December 2012, member of the Nomination & Compensation Committee since January 1, 2013. He holds an Honours Degree in History from 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 senior management positions in Latin America, Asia, Europe and at corporate level. In 1998, he was appointed President of Shell Europe Oil Products and took the position of Director for Strategic Planning, Sustainable Development and External Affairs for the Shell Group in 2004. In 2005, he became Director of the Strategy and Business Development Directorate of Royal Dutch Shell, and was appointed 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 Chairman until June 2010. He then served as Chairman of Compton Petroleum, Calgary, until August 2012. He is currently Chairman of the Board of Directors of Oracle Coalfields, London as well as a member of the International Advisory Board of GardaWorld, Montreal, Canada. He was elected to the Board of Directors of Holcim Ltd in 2006.

Andreas von Planta, Swiss national, born in 1955, Deputy Chairman of the Board of Directors from 2005 until 2011, elected until 2014, member of the Audit Committee. He studied law at the University 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 Managing Partner from 2002 until the end of 2005. He has a wealth of experience in corporate law, business financing and mergers and acquisitions. He acts as Chairman of the Board of Schweizerische National-Versicherungs-Gesellschaft, Basel, as member of the Board of Novartis AG, Basel, and as Chairman of the Regulatory Board of SIX Swiss Exchange AG, Zurich. Among other mandates, he is Chairman of Générale-Beaulieu Holding SA, Geneva, Chairman of HSBC Private Bank (Switzerland) SA, Geneva, and member of the Board of Directors of Raymond Weil SA, Geneva, and Vice-Chairman of HSBC Private Banking Holding (Switzerland) SA, Geneva, and in other affiliates companies of foreign groups. He was elected to the Board of Directors of Holcim Ltd in 2003.

Wolfgang Reitzle, German national, born 1949, member of the Board, elected until 2015. Wolfgang Reitzle studied engineering and economics at the Technical University of Munich and holds a degree and a PhD in mechanical engineering. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed regular member of the Executive Board, responsible for research and development. In 1999, Wolfgang Reitzle took over as CEO of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and became CEO in 2003. Wolfgang Reitzle is also Chairman of the Board of Continental AG, Hannover, Germany. He was elected to the Board of Directors of Holcim Ltd in 2012.

Thomas Schmidheiny, Swiss national, born in 1945, member of the Board of Directors, elected until 2015, member of the Governance, Nomination & Compensation Committee until December 2012, member of the Nomination & Compensation Committee since January 1, 2013. 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 elected to the Board of Directors of Holcim Ltd in 1978 and was Chairman of the Board from 1984 until 2003.

Dieter Spälti, Swiss national, born in 1961, member of the Board of Directors, elected until 2015, member of the Audit Committee, member of the Governance & Strategy Committee since January 1, 2013. 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 Southeast Asia. In October 2002, he joined Rapperswil-Jona-based Spectrum Value Management Ltd. as a partner, the firm which administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he has been CEO of Spectrum Value Management Ltd. He was elected to the Board of Directors of Holcim Ltd in 2003.

Executive Committee

Bernard Fontana, French national, born in 1961. Bernard Fontana holds a degree in engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. His career began with Groupe SNPE in France. In 1998, he was appointed head of US operations, and from 2001 to 2004 was a member of the Executive Committee in charge of Chemicals and of Industrial Explosives activities. Shortly after joining ArcelorMittal in 2004, he was given responsibility for HR, IT and business development at Flat Carbon. From 2006 to 2007 he was a member of the Executive Committee of ArcelorMittal with responsibility for the Automotive Worldwide Business Unit. In his capacity as Group Management Committee member, he was subsequently responsible for HR and the global alliance with Nippon Steel. From 2010 until 2011 Bernard Fontana was CEO of Aperam, a Luxembourg-domiciled listed corporate group that was spun off from ArcelorMittal in the fall of 2010. Since February 1, 2012, he is CEO of Holcim Ltd.

Thomas Aebischer, Swiss national, born in 1961. Thomas Aebischer is a Swiss Certified Accountant and alumnus of the Advanced Management Program of the Harvard Business School. He started his career with the tax authorities of the Canton of Berne. From 1988 to 1996, Thomas Aebischer worked with PricewaterhouseCoopers in Hong Kong and Zurich. In 1996, he joined Holcim Group Support Ltd, and from 1998 to 2002 acted as Head of Corporate Controlling. From 2002 to 2003, he was CFO of Holcim Apasco in Mexico and thereafter CFO of Holcim US. He joined the Executive Committee at the beginning of 2011, and effective April 1, 2011, he has taken over as CFO. Since September 1, 2012 he has taken over additional responsibility for Procurement and IT, as well as for the newly created Merger & Acquisitions function and – on an interim basis – for the function HTS Accounting & Administration.

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 Company, headquartered in Bangkok, Thailand. He has been a member of the Executive Committee since January 1, 2002, with responsibility for South Asia and ASEAN excluding the Philippines.

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 transferred to Holcim Group Support Ltd 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 headed Corporate Strategy & Risk Management. Effective January 1, 2005, Roland Köhler was promoted to Corporate Functional Manager responsible for Corporate Strategy & Risk Management. On March 15 2010, he was appointed member of the Executive Committee and CEO of Holcim Group Support Ltd. Since September 1, 2012, Roland Köhler is responsible for the newly structured Group region Europe. This region consists of Western (excluding the UK), Central, Eastern, and Southeastern Europe, as well as the CIS/Caspian region.

Andreas Leu, Swiss national, born in 1967, 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 Group Support Ltd in 1999 as a consultant. 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, Andreas Leu was appointed Area Manager of Holcim Ltd, with responsibility for Colombia, Ecuador, Argentina, Chile and Brazil. As of January 1, 2011, Andreas Leu has been appointed as member of the Executive Committee. He is responsible for Latin America.

Bernard Terver, French national, born in 1952, concluded his studies at the Ecole Polytechnique in Paris in 1976. After beginning his career in the steel industry, in 1977 he moved to cement producer CEDEST, which was taken over by Holcim France in 1994. In 1999, Bernard Terver became CEO of Holcim Colombia and in 2003 he was appointed Area Manager for the Andes nations, Central America and the Caribbean. Since October 2008, he has been CEO of Holcim US and effective November 2010, CEO of Aggregate Industries US. On April 1, 2010, Bernard Terver was appointed Area Manager with responsibility for Holcim US and Aggregate Industries US. As of September 1, 2012, Bernard Terver has been appointed as member of the Executive Committee. He is responsible for North America and UK.

Ian Thackwray, British national, born in 1958. Ian Thackwray holds an MA (Hons) in Chemistry from Oxford University and is also a chartered accountant. After his studies, he joined Pricewaterhouse and handled major corporate accounts in Europe. In 1985, he started a career with Dow Corning Corporation, serving in various management roles in Europe, North America and particularly in Asia. From 2004 to 2006, he served as Dow Corning's Asian/Pacific President based out of Shanghai. Between 2006 and 2010, he was CEO of Holcim Philippines. Since the beginning of 2010, he has been a member of the Executive Committee. His area of responsibility spans the companies in East Asia, China, the Philippines, Oceania and since September 1, 2012, includes responsibility for Holcim Trading, one of the world's leading trading organizations for cement, clinker, and other materials.

Area Management

Horia Adrian, Romanian national, born in 1969, holds a PhD in Mechanical Engineering from the Dunarea de Jos University in Romania and an MBA from the Ajou University in Suwon (South Korea). Horia Adrian joined Holcim Romania in 2001 as a Project Manager and became Sales & Marketing Director of Garadagh Cement, Azerbaijan in 2004. In 2007, he was appointed CEO of this company and in 2010, he became CEO of Holcim Russia. As of September 1, 2012, Horia Adrian has been appointed Area Manager of Holcim Ltd. He is responsible for Eastern and Southeastern Europe, including CIS/Caspian region, and reports directly to Executive Committee Member Roland Köhler.

Javier de Benito, Spanish national, born in 1958, 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 division 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. As of September 1, 2012, Javier de Benito directly leads Africa Middle East including the Group's positions in West Africa and the Arabian Gulf that formerly have been run by Holcim Trading. As of the same date, he is also responsible for the interests in South and East Africa. Javier de Benito reports directly to CEO Bernard Fontana.

Urs Fankhauser, Swiss national, born in 1963, completed his education at the Swiss Federal Institute of Technology Zurich (ETH Zurich) in 1989. He holds a Master of Science in Mechanical Engineering and worked at the Institute for "Konstruktion und Bauweisen" of the ETH Zurich. Urs Fankhauser joined Holcim Group Support Ltd in 1991 as a process performance engineer. After holding several managerial roles, he was appointed General Manager of Holcim Croatia in 2002 and took over his role as Regional Technical Director Eastern Europe in 2004. As of January 1, 2011, he was appointed Area Manager and member of senior management of Holcim Ltd with responsibility for the markets in Eastern and Southeastern Europe. As of September 1, 2012, Urs Fankhauser is responsible for Western Europe, including Spain, but excluding the UK. As of September 1, 2012 and as Area Manager and member of senior management of Holcim Ltd, he assumes responsibility for Western Europe, including Spain, but excluding the UK, and reports directly to Executive Committee member Roland Köhler.

Aidan Lynam, citizen of the Republic of Ireland, born in 1960, holds an Honours Degree in Mechanical Engineering from University College Dublin and an Executive MBA from IMD in Lausanne. He joined Holcim Group Support Ltd in 1986 working on assignments in Egypt and Switzerland. After spending some years with Krupp Polysius in Germany, he returned to the Group in 1996, assigned to the Morning Star project of Holcim Vietnam where he was appointed as Terminal Manager in 1999. In 2002, he was appointed Vice President Manufacturing at Holcim Lanka and returned to Holcim Vietnam as CEO in 2006. On January 1, 2010, he took up his position as Area Manager and member of the senior management of Holcim Ltd, assuming country responsibility for Bangladesh, Malaysia, Singapore, Sri Lanka and Vietnam.

Onne van der Weijde, a Dutch national, born in 1964, holds a bachelor degree and a master degree in business administration. He has been CEO of Ambuja Cements Ltd. since November 2009. Onne van der Weijde started his career in the Dutch subsidiary Holderfin as international tax consultant in 1990. After four years he moved to Switzerland to join the Corporate Finance team, followed by a transfer to Australia were he was responsible for business development and acquisitions in Asia. He was CFO at Holcim Indonesia from 2001 to 2005 and was appointed General Manager of Holcim India Ltd in 2005 and he also assumed the CFO function at ACC Limited until 2008. From 2008 till 2009, he assumed responsibility for Sri Lanka and Bangladesh in addition to a board membership of Holcim's operational companies in India. As of January 1, 2012, Onne van der Weijde has been appointed Area Manager of Holcim Ltd with responsibility for India.

Kaspar E.A. Wenger, Swiss national, born in 1959, holds a degree in economics from the University of St. Gallen and undertook further studies at the Harvard Business School. Kaspar E.A. Wenger started his professional career within UBS and joined Holcim 1994 as a consultant Holcim New Zealand. A year later he was transferred to China where he became Chief Representative China and from 1998 to 2000, he acted as assistant for the Area Far East responsible member of the Executive Committee. In 2000, he was appointed head of Marketing & Sales at Holcim Switzerland and in 2004 country manager. As of September 1, 2012, Kaspar E.A. Wenger has taken up additional responsibility for the Area Central Europe (Switzerland, Southern Germany, Italy) and has been appointed Area Manager of Holcim Ltd. He reports directly to Executive Committee Member Roland Köhler.

Corporate Functional Manager

Urs Bleisch, Swiss National, born in 1960. He holds a master in business and economics from the University of Basel. He joined Holcim in 1994 as Head IT of Holcim Switzerland. From 2000 onwards, Urs Bleisch assumed Group-wide responsibility for Information Technology and was instrumental for the development and implementation of the global IT strategy for the Holcim Group. Since 2011, he led the Information and Knowledge Management function at Holcim Group Support Ltd. As of September 1, 2012 and as CEO of Holcim Group Services Ltd and of Holcim Technology Ltd, Urs Bleisch leads the support functions Aggregates & Construction Materials, Cement Manufacturing, Marketing & Commercial, Innovation (including Knowledge Management) and Sustainable Development and the newly created Project Management Office (PMO) for the Holcim Leadership Journey. On September 1, 2012, Urs Bleisch was appointed Corporate Functional Manager of Holcim Ltd and he reports directly to CEO Bernard Fontana.

Jacques Bourgon, French national, born in 1958. A graduate in mechanical engineering of the Ecole Catholique d’Arts et Métiers, Lyon, and a postgraduate of Harvard Business School, he joined Holcim in 1990 and occupied several positions at Holcim Apasco in Mexico, mainly as Plant Manager at Tecomán and later responsible for cement operations as member of Holcim Apasco Senior Management. He became Head of Corporate Engineering at Holcim Group Support Ltd in Switzerland in mid-2001 and was promoted to Corporate Functional Manager, Cement Manufacturing Services, effective January 1, 2005. Jacques Bourgon is a member of both the Global Advisory Board of the Swiss Federal Institute of Technology Zurich (ETH Zurich) and of the Industrial Advisory Board of its Department of Mechanical and Process Engineering. Jacques Bourgon reports to Corporate Functional Manager and Holcim Group Services Ltd and Holcim Technology Ltd CEO Urs Bleisch.

Remuneration report

At Holcim, it is the employees who create value and success of the company. Holcim therefore wants to be an attractive employer in the competitive employment market worldwide. Our compensation system has proven conducive and robust, and forms a solid basis for compensation and motivation at the various hierarchical levels in line with the main objectives of Holcim.

Financial compensation for governing bodies of Holcim Ltd

This part of the Annual Report covers the financial compensation for the Board of Directors and senior management, as well as compensation for former members of governing bodies of Holcim Ltd. Also this part of the Annual Report has been prepared in compliance with the applicable regulations, including the rules of the SIX Swiss Exchange. No payments were made to close persons.

Architecture of the pay-setting process

The Nomination & Compensation Committee (until December 2012 the Governance, Nomination & Compensation Committee) advises and supports the Board of Directors, among other things, in determining the compensation policy and the compensation for the Board of Directors and senior management. It holds ordinary meetings at least three times a year: at the beginning of the year, in the middle of the year and in autumn.

At the beginning of the year, the degree of achievement of objectives for the previous year is assessed and objectives are set for the current year. The CEO makes proposals for the assessment of the members of the Executive Committee and assesses the performance of the other members of senior management. On the basis of these proposals, the Nomination & Compensation Committee, decides on the assessment of the member of the Executive Committee and takes due note of the assessment of the performance of the other members of senior management. Also in the meeting at the beginning of the year, the total financial compensation of the Executive Committee is determined by the Nomination & Compensation Committee on a yearly basis, with the Board of Directors taking due note. On a yearly basis, the CEO determines the financial compensation for the other members of senior management, with the Nomination & Compensation Committee taking due note. In autumn, the financial compensation of the Board of Directors for the coming year is reviewed by the Nomination & Compensation Committee. If necessary, it proposes adjustments to the Board of Directors.

The Chairman of the Nomination & Compensation Committee may invite members of the Executive Committee, other officers of the Group or third parties to attend the meetings. After each Nomination & Compensation Committee meeting, the Board is informed of topics discussed, decisions taken and recommendations made.

Compensation policy

Board of Directors

The members of the Board of Directors receive a fixed fee, consisting of a set remuneration in cash and shares in Holcim Ltd. The shares are subject to a five-year sale and pledge restriction period. The Chairman and Deputy Chairmen of the Board of Directors and Chairmen and members of the Audit Committee, the Nomination & Compensation Committee or the Governance & Strategy Committee receive additional compensation. The Chairman of the Board of Directors is insured in the pension fund.

Senior management

Senior management of Holcim Ltd includes the Executive Committee, the Area Managers and the Corporate Functional Managers. The annual total compensation of senior management comprises a base salary and a variable compensation. Members of senior management are insured in the pension fund. The base salary of members of senior management is fixed and is paid in cash.

Benchmarking of the total compensation is carried out periodically on the basis of the annual compensation reports of benchmark companies. The benchmark companies include four international companies in the same industry as Holcim with similar geographical spread and complexity, as well as the ten companies with the largest market capitalization in Switzerland, therefore with companies of similar size and complexity. The benchmarking is based on position and responsibilities. In 2010, PricewaterhouseCoopers AG was consulted as external advisor for a fundamental and detailed review of the compensation system for the CEO and Executive Committee. The result of this review confirmed that the current system served robustly during the economic upswing and subsequent crisis, and also offers a value-oriented compensation philosophy for the future.

The variable compensation comprises a Group-related and an individual component. Assuming that all targets are achieved as per December 31 of the year, the variable compensation for senior management (excluding the CEO), depending on the function concerned, accounts for between 48 percent and 90 percent of the base salary, and 92 percent for the CEO. For both, the Group-related and the individual components, a "target" amount is determined at the beginning of the year. This amount is only paid out if the objectives set are achieved by 100 percent and is accordingly variable. Moreover, minimum and maximum objective achievement levels are set for which the respective minimum and maximum payout factors apply, as detailed below. Payout factors in between are interpolated linearly depending on objective achievement levels.

The Group-related component depends on the financial results of the Group. If all objectives are achieved at target as per December 31 of the relevant year, it accounts for senior management (without CEO) in the average for 61 percent and for the CEO for 56 percent of the variable compensation. It is calculated on the basis of the achieved operating EBITDA and the return on invested capital after tax ($ROIC_{AT}$). Both objectives are weighted equally, except for Area Managers, for whom 60 percent derive from the operating EBITDA component and 40 percent from the $ROIC_{AT}$ component. For both components, a target objective (which, if achieved, results in 100 percent of the targeted variable compensation being paid) and maximum and minimum target levels (which, if achieved, result in 200 percent and 0 percent of the targeted variable compensation being paid, respectively) are set. The Group component of the variable compensation was set for senior management (without CEO), depending on the function and based on 100 percent target objective achievement, between CHF 120,000 and CHF 550,000, and for the CEO to CHF 901,600.

For the year 2012, the operating EBITDA targets were set to 5 percent growth versus the previous year (Area Managers at achievement of the budgeted regional operating EBITDA margin) and to 8 percent $ROIC_{AT}$, both on a like-for-like basis. The $ROIC_{AT}$ target was set based on the defined weighted average cost of capital after tax ($WACC_{AT}$) of 8 percent. The minimum and maximum payout factors were set at ±20 percent for the operating EBITDA target (for Area Managers –2.5/+5 percentage points regional operating EBITDA margin) and at ±3 percentage points for the $ROIC_{AT}$ target. In 2012, the operating EBITDA increased by 6.9 percent and the regional operating EBITDA margin was above budgets by 1.6 percentage points on average, while $ROIC_{AT}$ reached 5.5 percent, all on a comparable "like-for-like" basis and adjusted for restructuring costs. This corresponds to an achievement level of 113 percent (operating EBITDA; regional operating EBITDA margin 133 percent) respectively 15 percent ($ROIC_{AT}$). Senior management (without CEO) achieved a payout factor of 73 percent and the CEO of 64 percent. The Group component is paid in the form of registered shares of the company, subject to a five-year sale and pledge restriction period, and a cash component of approximately 33 percent. Allotted shares are valued at the average market price in the period from January 1, 2013 to February 15, 2013, and are either taken from treasury stock or are purchased from the market.

The individual component for senior management (without CEO), if all objectives are achieved as per December 31, amounts to around 38 percent of the variable compensation, and for the CEO to 44 percent, and depends on the performance of the individual. A range of quantitative and qualitative individual objectives is set for all members of senior management depending on their roles and responsibilities. These measurable objectives are weighted and they relate to functional performance, strategic objectives, operational objectives and specific project-related objectives. For each objective, depending on target achievement, an achievement level in percent is determined, resulting in a total achievement factor between 0 percent and 100 percent. The total achievement factor is then multiplied by the targeted variable compensation to determine the amount of the individual component. For the year 2012, the individual component of the variable compensation, at 100 percent target achievement, was set for senior management (without CEO), depending on the function concerned, between CHF 120,000 and CHF 350,000 and for the CEO to CHF 708,400. The average target objective achievement and the payout factor for senior management (without CEO) amounted to 82 percent and for the CEO to 90 percent, respectively. The individual component is paid in the form of options on registered shares of the company and a cash component of around 33 percent. The exercise price of the options 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 (input parameters are detailed on page 187). The company reserves the underlying shares on the grant date of the options as part of treasury stock or purchases them from the market.

Pension scheme for senior management

The base salary of senior management is insured in a layered pension plan system, which includes the state-controlled social security schemes, i.e. AHV/IV, the Holcim Pension Fund, the Holcim Supplementary Pension Fund and the Gemini Pension Fund. With the exception of the Swiss Federal AHV/IV and some local social security systems, all pension plans are defined contribution plans offering benefits payable in the form of retirement, disability, children, surviving spouse and orphans' pensions or equivalent lump sums.

The Nomination & Compensation Committee has reviewed and determined the pension scheme for senior management as of June 30, 2005, and February 23, 2010. Accordingly, the pension scheme for Executive Committee members and the CEO is targeted to achieve, at the retirement age of 62, based on 10 years of service in senior management and 20 years of service with the Group, an amount of approximately 40 percent of the average of the last three annual base salaries, or 50 percent for other senior managers, taking into account all pension schemes related to current and past occupation, including state-controlled social security schemes. Early or deferred retirement leads to adjustments based on actuarial calculations.

In the event of differences between the actual pension fund benefits and the target pension, the Nomination & Compensation Committee decides in view of forthcoming retirements about possible contributions in favor of the individual insurance accounts. In 2012, contributions have been made in the amount of CHF 0.9 million.

Employment contracts for senior management

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.

Upon appointment, members of the Executive Committee may be granted a single allotment of options on registered shares of the company by the Nomination & Compensation Committee. It is a requirement 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 reserves the underlying shares as part of treasury stock or purchases them from the market. Single allotments made during recent years are shown on page 186 of this Annual Report.

Options allotted upon appointment to the Executive Committee are subject to forfeiture without compensation, as long as they are restricted, if the Executive Committee member leaves the Group, except in the case of retirement, death or disability. Shares and options received as part of the annual remuneration may not be sold or pledged until the end of the restriction period. If a member steps down from senior management, the restriction period for such shares and options allocated as part of the annual remuneration remains in force without any adjustment in terms of duration.

Compensation for Board of Directors and senior management

The table shown on page 110 discloses the compensation of the Board of Directors in 2012 in detail and those of the 14 members of senior management in aggregate as well as the highest amount attributed to a member of the senior management individually. The amounts disclosed are based on the accrual principle and relate to 2012 performance.

In 2012, thirteen non-executive members of the Board of Directors received a total remuneration of CHF 3.3 million (2011: 3.1) of which CHF 2.1 million (2011: 2), were paid in cash CHF 0.1 million (2011: 0.1), granted in the form of post-employment benefits, and CHF 0.9 million (2011: 0.9) in shares. Other compensation was paid in an amount of CHF 0.2 million (2011: 0.2).

The total annual compensation for the members of senior management (including CEO) amounted to 30.3 million (2011: 31.6). This amount comprises a base salary and a variable cash compensation of CHF 16.7 million (2011: 18.2), share-based compensations of CHF 4.3 million (2011: 4.4), employer contributions to pension plans of CHF 6.3 million (2011: 5.1) and "Others" compensation of CHF 3 million (2011: 4) which includes the contributions from the Holcim International Pension Trust for the additional financing of retirement benefits in the amount of CHF 0.9 million (2011: 3.6). The CEO received a base salary plus variable compensation in cash of CHF 2.2 million (2011: 2.6), share-based compensation of CHF 0.8 million (2011: 0.8), and employer contributions to pension benefits of CHF 0.5 million (2011: 0. 4). As a result, the CEO's total compensation, amounted to CHF 5 million (2011: 5.7). 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).

Compensation for former members of governing bodies

In the year under review, compensation in the amount of CHF 9.2 million (2011: 4.2) was paid to nine (2011: five) former members of the senior management. The total compensation in 2012 includes social security contributions of CHF 2.2 million which were settled in 2012 and related to contributions out of the Holcim International Pension Trust disclosed in the years 2008 to 2011, as net amounts.

Compensation Board of Directors/senior management[1]

Name	Position		Base salary	
			Cash	Shares[2]
Rolf Soiron	Chairman, Chairman of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	595,680	80,000
Beat Hess	Deputy Chairman, Member of the Nomination & Compensation Committee since August 13, 2012, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	270,000	80,000
Erich Hunziker	Deputy Chairman, Chairman of the Nomination & Compensation Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	300,000	80,000
Markus Akermann	Member of the Board of Directors, Executive Member of the Board until January 31, 2012	Number		858
		CHF	60,000	60,000
Christine Binswanger	Member of the Board of Directors	Number		1,144
		CHF	80,000	80,000
Alexander Gut	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Peter Küpfer	Member of the Board of Directors, Chairman of the Audit Committee	Number		1,144
		CHF	180,000	80,000
Adrian Loader	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,144
		CHF	100,000	80,000
Andreas von Planta	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Wolfgang Reitzle	Member of the Board of Directors since April 17, 2012	Number		763
		CHF	53,334	53,333
Thomas Schmidheiny	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,144
		CHF	130,800[5]	80,000
Wolfgang Schürer	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee until April 17, 2012	Number		381
		CHF	33,333	26,667
Dieter Spälti	Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	110,000	80,000
Total Board of Directors (non-executive members)		**Number**		**13,442**
		CHF	**2,133,147**	**940,000**
Markus Akermann	CEO until January 31, 2012	Number		
		CHF	555,875	
Bernard Fontana[7]	CEO since February 1, 2012	Number		
		CHF	1,750,000	
Variable compensation in percent of base salary[7]				
Total senior management[9]		**Number**		
		CHF	**14,516,201**	
Variable compensation in percent of base salary				

[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 185 under "Share compensation plan".
[2] The shares were valued at the average market price in the period from January 1, 2013 to February 15, 2013, and are subject to a five-year sale and pledge restriction period.
[3] Value of the options according to the Black Scholes model at the time of allocation.

Variable compensation			Other compensation		Total	Total
Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others[4]	compensation 2012	compensation 2011
			32,891	50,000	758,571	758,571
			16,984	10,000	376,984	292,457
			8,229	10,000	398,229	314,896
			2,297	7,500	129,797	
			7,199	10,000	177,199	177,199
			7,461	10,000	207,461	118,219
			11,484	10,000	281,484	281,484
				10,000	190,000	181,667
			8,744	10,000	208,744	291,988
			2,747	6,667	116,081	
			8,085	10,000	228,885	228,431
			4,363	3,333	67,696	198,012
			8,744	10,000	208,744	208,744
			119,228	**157,500**	**3,349,875**	**3,051,668**[6]
	1,674	6,308				
120,153	117,059	123,251	152,225	6,498	1,075,061	5,652,477
	5,489	21,752				
404,407	383,783	425,042	500,964	1,486,298[8]	4,950,494	
	69.3%					
	32,790	**102,788**				
2,150,586	**2,292,780**	**2,008,455**	**6,335,424**	**3,009,168**	**30,312,614**	**31,573,509**
	44.4%					

[4] In line with the rules of SIX Swiss Exchange, these amounts include primarily the contributions from the Holcim International Pension Trust in the amount of CHF 0.9 million (2011: 3.6), which do not affect the statement of income of the Group in the year under review.
[5] Including director's fees from subsidiary companies.
[6] The total compensation of the Board of Directors in 2011 amounted to CHF 3,127,296 and included the compensation of a Board member leaving in 2011.
[7] Member of senior management receiving the highest compensation.
[8] Mainly including compensation for forfeited stock options from former employer.
[9] Including CEO.

Shareholdings and loans

Shares and options owned by the Board of Directors

On December 31, 2012, non-executive members of the Board of Directors held a total of 65,981,246 registered shares in Holcim Ltd. This number comprises privately acquired shares and those allotted under participation and compensation schemes. As of the end of 2012, at the exception of Markus Akermann, non-executive members of the Board of Directors do not hold any options from compensation and participation schemes. For options held by Markus Akermann, see table on page 113.

Until the 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).

Number of shares and options held by the Board of Directors[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	38,370	–
Beat Hess	Deputy Chairman	2,371	–
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	12,407	–
Markus Akermann[2]	Member	79,393	310,905[3]
Christine Binswanger	Member	5,417	–
Alexander Gut	Member	1,770	–
Peter Küpfer	Member, Audit Committee Chairman	12,406	37,000[4] 31,000[5]
Adrian Loader	Member	8,171	–
Andreas von Planta	Member	12,165	–
Wolfgang Reitzle	Member	300	–
Thomas Schmidheiny	Member	65,775,590	–
Dieter Spälti	Member	32,886	–
Total Board of Directors		**65,981,246**	**378,905**

[1] From allocation, shares are subject to a five-year sale and pledge restriction period.
[2] Markus Akermann is a non-executive member since February 1, 2012.
[3] Including 20,000 options (not related to compensation), exercise price: CHF 56; Ratio: 1:1; Style: American; Maturity: 18.3.2013.
[4] Exercise price: CHF 70; Ratio 1:1; Style: American; Maturity: 19.8.2014.
[5] Exercise price: CHF 80; Ratio 1:1; Style: American; Maturity: 12.11.2013.

Number of shares and options held by the Board of Directors as of December 31, 2011[1]

Name	Position	Total number of shares 2011	Total number of call options 2011
Rolf Soiron	Chairman	36,879	–
Beat Hess	Deputy Chairman	880	–
Erich Hunziker	Deputy Chairman, Governance, Nomination & Compensation Committee Chairman	10,916	–
Markus Akermann[2]	Executive Member	–	–
Christine Binswanger	Member	3,926	–
Alexander Gut	Member	900	–
Peter Küpfer	Member, Audit Committee Chairman	10,915	37,000[3] 31,000[4]
Adrian Loader	Member	6,680	–
Andreas von Planta	Member	10,674	–
Thomas Schmidheiny	Member	65,774,099	–
Wolfgang Schürer	Member	43,620	–
Dieter Spälti	Member	30,966	–
Total Board of Directors		**65,930,455**	**68,000**

[1] From allocation, shares are subject to a five-year sale and pledge restriction period.
[2] In Annual Report 2011 disclosed under senior management.
[3] Exercise price: CHF 70; Ratio: 1:1; Style: American; Maturity: 19.8.2014.
[4] Exercise price: CHF 80; Ratio: 1:1; Style: American; Maturity: 12.11.2013.

Shares and options owned by senior management
As of December 31, 2012, the members of senior management held a total of 196,867 registered shares in Holcim Ltd. This figure includes both privately acquired shares and those allocated under the Group's participation and compensation schemes.

Furthermore, at the end of 2012, senior management held a total of 508,587 share options; these arise as a result of the participation and compensation schemes of various years. Options are issued solely on registered shares of Holcim Ltd. One option entitles the holder to subscribe to one registered share of Holcim Ltd.

Number of shares and options held by the senior management[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Bernard Fontana	CEO	–	33,550
Thomas Aebischer	Member of the Executive Committee, CFO	6,116	46,995
Paul Hugentobler	Member of the Executive Committee	78,495	134,515
Roland Köhler	Member of the Executive Committee, CEO HGRS[2]	12,022	81,194
Andreas Leu	Member of the Executive Committee	13,133	59,784
Bernard Terver	Member of the Executive Committee[3], Area Manager[2]	17,762	28,894
Ian Thackwray	Member of the Executive Committee	5,527	59,642
Horia Adrian	Area Manager[3]	1,359	–
Javier de Benito	Area Manager	21,966	25,201
Urs Fankhauser	Area Manager	4,810	4,491
Aidan Lynam	Area Manager	5,606	9,299
Onne van der Weijde	Area Manager	1,836	–
Kaspar E.A. Wenger	Area Manager[3]	19,257	–
Urs Bleisch	Corporate Functional Manager[3], CEO HTS[3]	2,837	–
Jacques Bourgon	Corporate Functional Manager	6,141	25,022
Total senior management		**196,867**	**508,587**

Number of shares and options held by the senior management[1]

Name	Position	Total number of shares 2011	Total number of call options 2011
Markus Akermann	Executive Member of the Board of Directors, CEO	93,996	290,096
Thomas Aebischer	Member of the Executive Committee, CFO	3,417	33,550
Urs Böhlen	Member of the Executive Committee	18,227	82,319
Patrick Dolberg	Member of the Executive Committee	12,789	66,619
Paul Hugentobler	Member of the Executive Committee	75,796	119,769
Benoît-H. Koch	Member of the Executive Committee	19,383	104,763
Roland Köhler	Member of the Executive Committee, CEO HGRS	9,323	65,581
Andreas Leu	Member of the Executive Committee	10,434	46,773
Ian Thackwray	Member of the Executive Committee	2,828	45,786
Javier de Benito	Area Manager	19,123	21,855
Urs Fankhauser	Area Manager	3,319	–
Aidan Lynam	Area Manager	2,625	3,675
Bernard Terver	Area Manager	19,262	23,600
Jacques Bourgon	Corporate Functional Manager	6,302	19,996
Total senior management		**296,824**	**924,382**

[1] From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period, respectively.
[2] Until August 31, 2012.
[3] Since September 1, 2012.

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

	Number[1] 2012	Number[1] 2011
January 1	**924,382**	**976,831**
Increase due to change in senior management	0	0
Decrease due to retirements	543,797	238,673
Granted and vested (individual component of variable compensation)	94,452	119,124
Granted and vested (single allotment)	33,550	67,100
Forfeited	0	0
Exercised	0	0
Lapsed	0	0
December 31	**508,587**	**924,382**
Of which exercisable at the end of the year	167,388	331,004

[1] Adjusted to reflect former share splits and/or capital increases.

The share options outstanding held by senior management (including former members) at year-end 2012 have the following expiry dates and exercise prices:

Option grant date	Expiry date	Exercise price[1]	Number[1]
2002	2014	CHF 67.15	201,300
2003	2015	CHF 67.15	33,550
2004	2013	CHF 63.35	34,341
2004	2016	CHF 67.15	33,550
2005	2014	CHF 74.54	71,423
2006	2014	CHF 100.69	58,573
2007	2015	CHF 125.34	49,674
2008	2016	CHF 104.34	71,083
2008	2020	CHF 67.15	67,100
2009	2017	CHF 38.26	300,499
2010	2018	CHF 71.15	131,631
2010	2022	CHF 75.40	33,550
2010	2022	CHF 81.45	33,550
2011	2019	CHF 67.15	149,763
2011	2023	CHF 71.50	67,100
2012	2020	CHF 58.50	179,894
2012	2024	CHF 71.50	33,550
Total			**1,550,131**

[1] Adjusted to reflect former share splits and/or capital increases.

In 2012, one new Executive Committee member has been granted in total 33,550 options.

Loans granted to members of governing bodies

As at December 31, 2012, there were no loans outstanding to 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.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares. It sells and purchases Holcim Ltd shares to and from employees and in the open market. In this context, the company purchased Holcim Ltd shares of CHF 0.7 million (2011: 2.1) at the stock market price from members of senior management.

No compensation was paid to parties closely related to members of the governing bodies.

Holcim

Strength. Performance. Passion.

Financial Information 2012 Holcim Ltd

Management discussion and analysis 2012

In 2012, the global economic recovery from the recent recession continued but suffered new setbacks. The operational performance of the Group was driven by successful price increases and reinforced financial discipline through the Holcim Leadership Journey program. Demand grew only for cement and principally in emerging markets and in North America. Financial distress intensified in Europe, leading to further market contraction, and called for adjustments in production capacities. Excluding restructuring costs under the Holcim Leadership Journey, operating profit grew at a higher pace than in the previous year.

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 thereto. The quarterly reports contain additional information on the Group regions and business performance.

Overview

Although the global economy showed some signs of recovery, growth lost momentum in the course of the year in most regions and markets. Economic fragility in Europe worsened, fuelled by sovereign debt in a number of European nations. In contrast, Asia Pacific's building industry continued to benefit from robust demand for additional housing and improved infrastructure. The region now generates 53 percent of cement sales volumes and 39 percent of Holcim's net sales. The unique geographic diversification of Holcim proved again to be a key asset for successful performance.

Holcim reacted promptly to inflation-related cost increases by adjusting prices at the end of 2011. As inflation developed below expectations in 2012, higher sales prices clearly drove the growth in operating EBITDA and compensated for lower volumes, and rising costs for raw materials, transportation and energy.

In 2012, the Group launched the Holcim Leadership Journey, a three-year program designed to further improve cost leadership combined with a pronounced focus on customer excellence. The ultimate goal of this program is to increase the Group's return on invested capital after tax to at least 8 percent by the year ending 2014. The anticipated cash costs required to get the Holcim Leadership Journey underway were incurred in 2012. Cash costs of CHF 239 million and asset write-offs of CHF 497 million were recognized in order to adjust the production capacity to the long-term requirements of specific markets. The first results are reflected in the 2012 financial statements. Early initiatives started to contribute CHF 158 million on a net basis to operating profit.

Owing to these measures, the Group achieved 0.9 percent organic operating EBITDA growth. Excluding the restructuring cash costs of CHF 239 million, the operating EBITDA increased by 6.4 percent or CHF 256 million on a like-for-like basis. The operating profit reduced by 5.0 percent on a like-for-like basis. Excluding restructuring costs and asset write-offs, it increased by 11.4 percent or CHF 264 million. Changes in scope of consolidation and currency translation effects had a marginal impact on the financial statements. Net financial debt has been further reduced to CHF 10,362 million from CHF 11,549 million.

Operating results fourth quarter

Sales volumes and principal key figures

	Oct.–Dec. 2012	Oct.–Dec. 2011	±%	±% like-for-like
Sales of cement in million t	36.6	36.2	+1.1	+0.9
– of which mature markets	7.7	7.5	+2.7	+2.7
– of which emerging markets	28.9	28.7	+0.6	+0.4
Sales of aggregates in million t	39.4	42.6	–7.6	–8.0
– of which mature markets	32.1	34.5	–6.8	–7.1
– of which emerging markets	7.3	8.1	–10.6	–11.7
Sales of ready-mix concrete in million m^3	11.3	12.2	–7.2	–4.6
– of which mature markets	6.3	6.8	–7.5	–2.6
– of which emerging markets	5.0	5.4	–6.9	–7.2
Sales of asphalt in million t	2.5	2.7	–5.7	–5.4
Net sales in million CHF	5,346	5,284	+1.2	+1.7
– of which mature markets	2,571	2,577	–0.2	–0.8
– of which emerging markets	2,775	2,707	+2.5	+4.1
Operating EBITDA in million CHF	838	987	–15.1	–15.9
– of which mature markets	191	336	–43.2	–45.5
– of which emerging markets	647	651	–0.6	–0.6
Operating EBITDA margin in %	15.7	18.7		
Operating (loss) profit in million CHF	(63)	180	–134.8	–145.3
Operating (loss) profit margin in %	(1.2)	3.4		
Net (loss) in million CHF	(82)	(322)	+74.6	
Net (loss) – shareholders of Holcim Ltd – in million CHF	(161)	(438)	+63.4	
Cash flow from operating activities in million CHF	1,575	1,823	–13.6	–14.3

Demand for cement, aggregates and other construction materials and services is seasonal since climatic conditions affect the level of activity in the construction sector. Holcim typically experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters, reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

In the fourth quarter, cement deliveries increased by 1.1 percent or 0.4 million tonnes compared to previous year's quarter. The largest increases were recorded by the Group regions Asia Pacific, North America and Latin America, partly offset, however, by volume contraction in Africa Middle East. Sales of aggregates reduced by 7.6 percent or 3.2 million tonnes. Without exception, all Group regions and particularly Europe and North America posted aggregates volumes losses. 11.3 million cubic meters of ready-mix concrete were supplied, representing a year-on-year reduction of 0.9 million cubic meters or 7.2 percent, mainly attributable to the right-sizing initiatives, following market contraction in Europe and Latin America.

Million CHF	Oct.–Dec. 2012	Oct.–Dec. 2011	±%	±% like-for-like
Net sales by region				
Asia Pacific	2,153	2,072	+3.9	+6.4
Latin America	877	843	+4.0	+5.4
Europe	1,376	1,431	–3.9	–4.7
North America	882	836	+5.6	+2.1
Africa Middle East	220	254	–13.2	–12.0
Corporate/Eliminations	(162)	(152)		
Total	5,346	5,284	+1.2	+1.7
Operating EBITDA by region				
Asia Pacific	429	437	–1.7	–1.5
Latin America	237	226	+5.2	+3.9
Europe	50	224	–77.7	–78.8
North America	132	82	+60.6	+55.5
Africa Middle East	57	75	–23.4	–22.7
Corporate/Eliminations	(68)	(56)		
Total	838	987	–15.1	–15.9
Cash flow				
Cash flow from operating activities	**1,575**	**1,823**	**–13.6**	
Net capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	(411)	(324)	–26.6	
Investments in property, plant and equipment for expansion	(346)	(304)	–13.8	
Financial di(in)vestments net	323	(208)	+255.8	
Cash flow from investing activities	**(433)**	**(836)**	**+48.2**	

Fourth quarter consolidated sales increased year-on-year by 1.2 percent to CHF 5,346 million compared to the same quarter in the previous year. At constant scope and exchange rates, net sales grew by 1.7 percent primarily supported by successful price increases in all regions, especially in Asia Pacific, Latin America and North America. However, this progress was partially compensated by unfavorable volume development which affected net sales – particularly throughout Europe as well as in Africa Middle East.

In the fourth quarter, operating EBITDA contracted by 15.1 percent or CHF 149 million compared to the same quarter in the previous year. At constant scope and exchange rates, the operating EBITDA fell by 15.9 percent or CHF 157 million, mostly driven by restructuring costs in Europe, and by Africa Middle East. The operating EBITDA of the region Europe decreased on a like-for-like basis by 78.8 percent or CHF 176 million compared to the same period last year, including restructuring costs amounting to CHF 132 million. Group region North America contributed positively to the operating EBITDA this quarter, with a like-for-like improvement of 55.5 percent or CHF 46 million.

Impacted by the restructuring initiatives, the operating EBITDA margin decreased to 15.7 percent in the fourth quarter of 2012 from 18.7 percent in the fourth quarter of 2011.

Cash flow from operating activities decreased by CHF 248 million or 13.6 percent compared to the final quarter of 2011, primarily due to more sustainable net working capital management.

Operating results for the year 2012

Sales volumes and principal key figures

	Jan.–Dec. 2012	Jan.–Dec. 2011	±%	±% like-for-like
Sales of cement in million t	148.0	144.3	+2.5	+2.0
– of which mature markets	30.7	31.4	–2.5	–2.5
– of which emerging markets	117.3	112.9	+3.9	+3.2
Sales of aggregates in million t	159.7	173.0	–7.7	–8.5
– of which mature markets	130.0	141.4	–8.1	–8.7
– of which emerging markets	29.7	31.7	–6.1	–7.7
Sales of ready-mix concrete in million m^3	46.9	48.4	–3.1	–3.2
– of which mature markets	26.3	27.0	–2.9	–2.8
– of which emerging markets	20.6	21.3	–3.3	–3.8
Sales of asphalt in million t	9.1	10.3	–11.8	–11.6
Net sales in million CHF	21,544	20,744	+3.9	+4.1
– of which mature markets	10,196	10,132	+0.6	–1.9
– of which emerging markets	11,349	10,612	+6.9	+9.8
Operating EBITDA in million CHF	3,984	3,958	+0.7	+0.9
– of which mature markets	1,124	1,280	–12.2	–15.8
– of which emerging markets	2,860	2,678	+6.8	+8.8
Operating EBITDA margin in %	18.5	19.1		
Operating profit in million CHF	1,816	1,933	–6.0	–5.0
Operating profit margin in %	8.4	9.3		
Net income in million CHF	1,026	682	+50.4	
Net income – shareholders of Holcim Ltd – in million CHF	622	275	+126.5	
Cash flow from operating activities in million CHF	2,682	2,753	–2.6	–1.8

Sales volumes

In the 2012 financial year, cement sales improved compared to the previous year, reflecting the positive development in Holcim's growing markets such as Asia Pacific and Latin America and the first signs of recovery in North America. Consolidated cement sales rose by 2.5 percent to 148.0 million tonnes, a like-for-like improvement of 2.0 percent or 2.9 million tonnes.

As a result of accelerated urbanization, Asia Pacific benefited from robust demand for housing, commercial buildings and infrastructure. Reported cement volume growth was 4.7 percent or 3.6 million tonnes. In India, Holcim sold 1.2 million tonnes (2.7 percent) more cement. In the Philippines, infrastructure projects and sustained demand for housing supported the sales volumes increase of 1.1 million tonnes (19.9 percent). In Indonesia, cement sales, stimulated by large-scale public and private construction projects also increased substantially. Latin America profited from strong residential construction and major infrastructure projects which supported the cement volume development of 3.0 percent or 0.7 million tonnes. Mexico, Ecuador and Brazil were the main growth drivers, while Argentina experienced adverse economic developments. In Europe, cement business activity declined, impacted by the combined effect of a harsh winter at the beginning of the year, and the continued challenging economic environment. Countries bordering on the Caspian Sea experienced strong volume development, as the construction industry remained one of the key catalysts of economic growth. Overall cement volumes decreased by 2.0 percent or 0.5 million tonnes, primarily driven by recessionary economic developments in Eastern Europe and Italy. In France, residential and commercial projects reduced sharply. After the stellar year 2011, cement volumes in Switzerland declined, partly due to increasing imports. North America enjoyed cement volume growth of 5.0 percent or 0.6 million tonnes, following the moderate expansion of the economy. Lower demand for building materials in the Moroccan construction industry combined with the effect of the Syrian conflict on Lebanon, contributed to the volume contraction of 4.4 percent or 0.4 million tonnes in Africa Middle East.

Aggregates volumes decreased by 7.7 percent to 159.7 million tonnes. On a like-for-like basis, the decrease amounted to 8.5 percent or 14.8 million tonnes. Aggregates volumes were lower in all Group regions except in Africa Middle East. Particularly affected by a declining number of infrastructure projects, Europe and North America posted a drop of 8.7 million tonnes (10.5 percent) and 2.2 million tonnes (5.2 percent), respectively. Shipments of aggregates fell by 1.9 million tonnes in Asia Pacific and 0.5 million tonnes in Latin America.

Sales of ready-mix concrete declined by 3.1 percent to 46.9 million cubic meters. At constant scope, a decrease of 3.2 percent or 1.6 million cubic meters was reported for the financial year. Notable improvements recorded in North America (increase of 1.0 million cubic meters) were overshadowed by unfavorable volume development in Europe (decrease of 1.4 million cubic meters) and Latin America (decrease of 0.9 million cubic meters) as the ready-mix concrete segment experienced right-sizing initiatives. In Asia Pacific, volumes decreased by 0.2 million cubic meters but remained virtually unchanged on a like-for-like basis, while in Africa Middle East, volumes remained virtually stable compared to 2011.

Net sales

Net sales by region

Million CHF	Jan.–Dec. 2012	Jan.–Dec. 2011	±%	±% like-for-like
Asia Pacific	8,732	8,001	+9.1	+11.1
Latin America	3,490	3,310	+5.4	+6.9
Europe	5,809	6,122	–5.1	–5.0
North America	3,276	2,987	+9.7	+3.3
Africa Middle East	947	959	–1.3	–1.4
Corporate/Eliminations	(710)	(636)		
Total	21,544	20,744	+3.9	+4.1

In the year under review, net sales grew by 3.9 percent to CHF 21,544 million. As impacts from exchange rates and changes in consolidation were negligible, the like-for-like net sales grew by 4.1 percent or CHF 849 million. Net sales improved mostly as a result of successful price increases implemented in response to cost inflation across all Group regions, combined with higher cement volumes sold in Asia Pacific, and North America.

In Asia Pacific, net sales continued on a growth track, increasing by 11.1 percent on a like-for-like basis. Price adjustments initiated in late 2011, in order to pass on the inflation-induced costs, fully benefited the 2012 financial results, especially in the two Indian companies, Holcim Australia and Holcim Indonesia. Additionally, the Indian companies profited from robust construction activity and additional production capacity. Brisk private and public-sector investment in the Philippines and the continuing construction boom in Indonesia further buoyed the volume development. This was however partly offset by volume decreases in Holcim Australia, suffering from bad weather conditions and weaker construction activity, as well as in Holcim

Vietnam, where high interest rates and liquidity shortages in the public and private sectors constrained growth in the construction sector. Latin America reported annual growth of 6.9 percent on a like-for-like basis, primarily attributable to Ecuador, Colombia and Mexico. Ecuador benefited from growing cement demand and increased its market penetration. Holcim Apasco was able to increase sales volumes but fierce competition among producers limited actions on prices. Colombia realized successful price increases in all product lines, however, this was partially offset by lower volumes of aggregates and ready-mix concrete, following right-sizing initiatives implemented in the current financial year. Europe reported negative sales development, with a like-for-like decrease of 5.0 percent, impacted by lower volumes in Switzerland, France and Spain. Net sales progression in Russia and Azerbaijan only partially limited the overall decline of the Group region's net sales. In North America, net sales improved on a like-for-like basis by 3.3 percent, bolstered by higher prices and mild weather conditions in the early part of the year. Net sales in Africa Middle East receded by 1.4 percent like-for-like, following volume contraction in most countries of the region.

The relativity of Europe in the Group's net sales reduced further compared to the previous year, from 28.6 percent to 26.1 percent. In contrast, the contribution of Asia Pacific amplified from 37.4 percent to 39.2 percent. Consequently, emerging markets accounted for 52.7 percent of total net sales (2011: 51.2) reflecting the continued shift to developing markets.

Operating EBITDA

Operating EBITDA by region

Million CHF	Jan.–Dec. 2012	Jan.–Dec. 2011	±%	±% like-for-like
Asia Pacific	1,876	1,700	+10.3	+12.6
Latin America	958	888	+7.9	+7.2
Europe	627	930	–32.6	–32.8
North America	480	346	+38.8	+32.4
Africa Middle East	278	312	–11.0	–11.1
Corporate/Eliminations	(235)	(219)		
Total	3,984	3,958	+0.7	+0.9

The operating EBITDA increased by 0.7 percent in 2012, to CHF 3,984 million from CHF 3,958 million in 2011. As the currency-related effect and changes in scope of consolidation were minor in the year under review, the operating EBITDA progressed by CHF 34 million or 0.9 percent on a like-for-like basis.

The Group region Asia Pacific was the main growth contributor and generated a like-for-like operating EBITDA increase of CHF 214 million or 12.6 percent. In particular Ambuja Cements and ACC in India together reported a significant increase of CHF 126 million or 16.3 percent, stemming primarily from higher prices. The Philippines and Indonesia benefited from stronger construction market which allowed for price increases. Despite lower volumes sold, Cement Australia generated higher operating EBITDA as a result of the Kandos plant closure in 2011. In Latin America, the operating EBITDA increased by CHF 64 million or 7.2 percent on a like-for-like basis. The growth of this Group region was mostly driven by Ecuador and Colombia. Ecuador reported higher sales of cement, coupled with a significant increase in volumes of ready-mix concrete. Prices were raised and adjusted to inflation while costs and especially energy expenses were well contained. Successful price adjustments in Colombia fully compensated for adverse volume effects in aggregates and ready-mix concrete. In Europe, the operating EBITDA declined by CHF 305 million or 32.8 percent on a like-for-like basis. This strong drop was mostly accounted for by the restructuring costs linked to the Holcim Leadership Journey of CHF 180 million, executed in many countries mostly in the second half of 2012. The remarkable fall in volumes was to a certain extent compensated by price hikes and cost saving measures enforced by the Holcim Leadership Journey program. In North America the operating EBITDA increased by CHF 112 million or 32.4 percent, profiting from a moderate growth in the construction sector, driven by an emerging recovery in the residential building sector. Better pricing combined favorably with cost containment, especially in Holcim US and Holcim Canada. Africa Middle East recorded a drop of CHF 35 million or 11.1 percent in operating EBITDA mainly owing to volume losses in Morocco partly due to the competitive market environment, and to the situation in Lebanon, where the business activity was affected by the conflict in Syria.

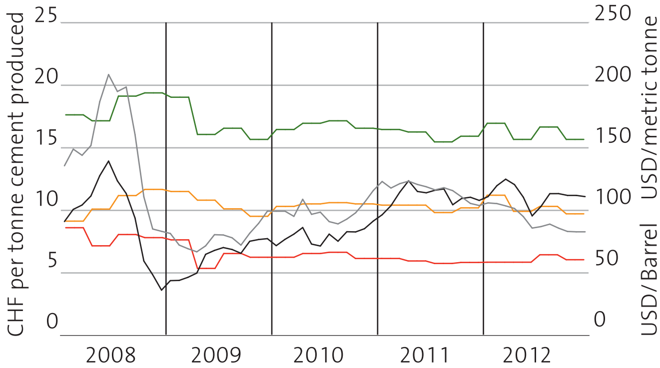
The shift in the regional weighting of operating EBITDA was most pronounced for Europe which accounted for 14.9 percent of operating EBITDA (2011: 22.3) while the relative weight of Asia Pacific increased to 44.5 percent (2011: 40.7). In 2012 the weight of emerging markets in the Group's operating EBITDA amounted to 70.6 percent (2011: 66.7).

Energy costs

Energy expenses comprise costs related to both fuel and electricity. Despite the steady increase in market prices since the economic turbulences started in 2008, the energy costs required to produce one tonne of cement have remained in absolute terms constant at Group level due to strengthening of the Swiss franc. However, at a constant exchange rate, our energy costs would have risen by 3.4 percent year-on-year in 2012.

Holcim's energy prices are subject to much less and sometimes delayed, volatility as compared to market prices (particularly visible for the year 2008 as shown in corresponding graph) for the following reasons: 60 percent of the fuel consumed in the cement production is coal, of which about half is traded on the international market. The remaining portion is bought locally by Group companies and is less volatile. Moreover, in some countries the government directly influences the price of coal. In addition, fuel stocks result in time lags. Thus, changes in market prices do not immediately impact the expenses recorded in the statement of income.

Holcim energy cost per tonne of cement procuced compared to market prices



- Total energy expenses (CHF)[1]
- Fuel expenses (CHF)[1]
- Electricity expenses (CHF)[1]
- Market price coal (USD)[2]
- Market price crude oil (USD)[3]

[1] Energy expenses stated quarterly.
[2] WEFA Steam Coal ARA index, in USD per metric tonne.
[3] Crude oil "Brent" per Barrel (free on board, excluding freight cost).

Operating EBITDA margin

In the year under review, the Group recorded a slight decrease of its operating EBITDA margin by 0.6 percentage points from 19.1 percent to 18.5 percent. Currency fluctuation and changes in scope of consolidation had an insignificant effect on the Group's margin. This development resulted mainly from the restructuring costs of CHF 239 million incurred in connection with the Holcim Leadership Journey program. Adjusted for these costs, operating EBITDA progressed by 6.2 percent and the corresponding margin by 0.4 percentage points, underpinned by the combined effect of a solid development of net sales driven by price increases and cost containment measures accentuated by the Group's Holcim Leadership Journey.

At constant scope and exchange rate, margins in Asia Pacific progressed by 0.3 percentage points, as price improvements overcompensated inflation-induced increases of input costs such as fuel and transport services. The margin increase in the Group region was primarily driven by Ambuja Cements and Holcim Philippines. In Latin America, the operating EBITDA margin rose by 0.1 percentage point like-for-like, reflecting the volume growth in cement, partially better market prices, and ongoing efforts to contain costs. Ecuador and Colombia contributed the most to this development, while Argentina and Mexico failed to match the previous year's margins. The reduction of the like-for-like operating EBITDA margin by 4.4 percentage points in Europe was primarily attributable to the significant volume loss combined with restructuring measures totaling CHF 180 million as part of the Holcim Leadership Journey. Furthermore, the performance of Aggregate Industries UK, Holcim Switzerland, and Holcim Belgium was weaker compared to the previous year. The Group companies in Azerbaijan and Russia achieved significantly better operating EBITDA margins. In North America, apart from sales volumes increases, lower energy costs and better prices were the main reasons for the improvement of 3.3 percentage points in operating EBITDA margin, especially in Holcim US. Margins dropped by 3.2 percentage points in Africa Middle East on account of adverse market conditions in Morocco and Lebanon coupled with higher energy costs in Lebanon.

In the cement segment, the operating EBITDA margin remained stable at 24.3 percent (Holcim target: >33 percent) despite restructuring costs totaling CHF 159 million. Except Europe and Africa Middle East, other Group regions reported a margin improvement in this segment. In the aggregates segment the margin dropped by 5.0 percentage points to 15.7 percent, driven by Latin America, Europe and Asia Pacific (Holcim target: >27 percent). In the other construction materials segment, the operating EBITDA margin contracted by 0.7 percentage point to 1.8 percent (Holcim target: >8 percent). Better performance in Asia Pacific and North America was offset by adverse development in all other regions and particularly in Europe.

Operating profit

In the current financial year, the operating profit declined by 6.0 percent or CHF 117 million to CHF 1,816 million. On a like-for-like basis, the Group recorded a reduction of 5.0 percent or CHF 97 million. This decrease is mainly explained by the restructuring cash costs connected with the Holcim Leadership Journey booked in 2012 in the amount of CHF 239 million, and by the net negative effect from asset write-offs booked in 2012 (CHF 497 million) and in 2011 (CHF 375 million affecting the comparative year). These write-offs comprise mostly CHF 447 million from Group region Europe (Spain, Italy, Belgium, France, Germany, UK and several countries in Eastern Europe), and CHF 46 million from Latin America, chiefly related to the closure of the Yocsina cement plant in Argentina. Excluding impacts from restructuring costs and asset write-offs, the operating profit grew above last year by CHF 264 million or 11.4 percent like-for-like. The Holcim Leadership Journey contributed CHF 158 million or 6.8 percent on a net basis to the improvements of the consolidated operating profit. Out of this net increase, CHF 31 million were generated by customer excellence initiatives, while CHF 127 million resulted from specific cost leadership programs on energy, procurement and fixed costs. Internal growth contributed CHF 106 million or 4.6 percent to operating profit. The operating profit margin declined by 0.9 percentage points to 8.4 percent. After adjusting for one-off charges for restructuring costs (cash costs and write-offs), the operating profit margin increased by 0.7 percentage points to 11.8 percent.

Group net income

Despite the negative impacts of restructuring costs on the Group's financial results, the Group net income grew by 50.4 percent to CHF 1,026 million, as a result of lower financial expenses explained by the 2011 write-off of AfriSam investment, by CHF 415 million. Additionally, Holcim recorded a gain of CHF 153 million on the disposal of 9.3 percent of the share capital of Thai-based Siam City Cement Company.

Outlook 2013

Holcim anticipates an increase in sales of cement in 2013, but it will be challenging to reach the previous year's levels in the aggregates and ready-mix concrete businesses. While Group regions Asia Pacific, North America and Latin America are expected to witness higher sales volumes, Holcim is somewhat less optimistic with regard to Europe and Africa Middle East. Turning to operating EBITDA and operating profit, the Board of Directors and Executive Committee expect a further improvement of margins. The Holcim Leadership Journey, which will gain further momentum in all streams as planned, will also contribute to this development. Under similar market conditions, significant organic growth in operating EBITDA and operating profit should be achieved in 2013.

Financing activities, investments and liquidity

Cash flow

Million CHF	Jan.–Dec. 2012	Jan.–Dec. 2011	±%
Cash flow from operating activities	2,682	2,753	–2.6
Net capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	(805)	(752)	–7.1
Free cash flow	**1,877**	**2,001**	**–6.2**
Investments in property, plant and equipment for expansion	(814)	(886)	+8.1
Financial di(in)vestments net	385	(154)	+351.1
Dividends paid	(544)	(713)	+23.8
Financing surplus	**903**	**248**	**+264.0**
Cash flow from financing activities (excluding dividends)	(586)	(653)	+10.2
In(de)crease in cash and cash equivalents	**317**	**(405)**	**+178.5**

Cash flow from operating activities

In 2012, cash flow from operating activities dropped by CHF 71 million or 2.6 percent to CHF 2,682 million. At constant scope and exchange rates, the cash flow from operating activities reduced by CHF 50 million or 1.8 percent. This was mainly a consequence of lower operating EBITDA reported in Europe and more sustainable net working capital management. In the year under review the cash flow margin was 12.4 percent (2011: 13.3).

Investment activities

Cash flow from investing activities decreased by CHF 556 million to CHF 1,235 million. Net capital expenditure to maintain productive capacity and to secure competitiveness amounted to CHF 805 million, while investments in expansion and diversification projects reached CHF 814 million. Maintenance activities and investments in rationalizing and improving processes in environmental and occupational health and safety measures amounted to CHF 925 million gross (2011: 890). Investments in property, plant and equipment for expansion reflect mainly major projects to increase cement capacity in the emerging countries such as Indonesia, Brazil, India, as well as projects in Australia for capacity increases in the field of aggregates. The net financial divestments consisted mainly of the sale of 9.3 percent of Holcim shares in Siam City Cement Company in Thailand. The total cash proceeds received amounted to CHF 237 million.

Key investment projects

Australia – expansion of aggregates capacity

In 2011, Holcim began work south-west of Sydney on what will become the company's largest project in the field of aggregates. Known as Lynwood Quarry, the site has adequate reserves to cover the long-term supply of one of Australia's largest markets. Due to the possibility of transporting the raw material by rail, the quarry, together with the distribution center in West Sydney will offer one of the most cost-effective and sustainable solutions of this kind. The plant is due to be commissioned in 2014. With reserves estimated to guarantee production for several decades, the site is expected to enable Holcim to strengthen its integrated market position in Sydney and New South Wales.

India – expansion of market position

In 2015 a major facility with a combined cement capacity of more than 5 million tonnes will start up in India. As part of this project, a new plant at the Jamul site in the state of Chhattisgarh with an annual production capacity of 2.8 million tonnes of clinker will replace older plants at Jamul. At the same time grinding capacity at this site is also being replaced. Part of the clinker produced in Jamul is earmarked for the expanded Sindri grinding plant and for the new grinding plant in Kharagpur. This combined capacity expansion will further improve the efficiency of ACC. With this, the company will be well positioned to meet the fast-growing demand in the Eastern region. In the Northern region, higher utilization of existing assets resulted in performance improvement and capacity increases mainly in the plants of Ropar, Dadri and Nalagarh.

Russia – capacity expansion at Shurovo plant and modernization at Volsk

The Shurovo modernized plant, the cornerstone of Holcim's strategic positioning in Russia, was commissioned in 2011. The plant, with an annual production capacity of 2.7 million tonnes of cement, is equipped to use alternative fuels and raw materials and sets new standards for the industry in Russia for environmental aspects, health and safety. This modern production site strengthens Holcim's ability to participate in Russia's economic growth. The modernization of the Volsk plant in the Volga region was approved in 2012 and is currently in its implementation phase. The current wet production process will be replaced by a semi-wet kiln line to be commissioned in late 2016. This project also targets strong improvements in the area of health and safety which is relevant for the plant's license to operate.

Azerbaijan – modernizing the Garadagh Cement plant

As part of its regional expansion strategy, Holcim has constructed a technologically advanced cement plant in Azerbaijan. The plant was commissioned in the first quarter of 2012, with a cement capacity of 2.0 million tonnes. The modernization project included replacing the outmoded wet process with a more efficient dry process kiln line. Improvements include higher production volumes, lower fuel and energy consumption, improved environmental compatibility by reducing emissions, and better occupational health and safety conditions.

Morocco – rationalization of Fes plant

Work on doubling clinker capacity at the Fes site was successfully completed in the last quarter of 2012. The plant's clinker capacity increased by 0.4 million tonnes. The investment will generate savings in the field of logistics, optimize production costs and improve Holcim's positioning for future market growth.

Brazil – capacity expansion at Barroso

In Brazil, a second kiln line is being installed at the Barroso plant. Additional cement capacity of 2.3 million tonnes will come on stream in 2014, bringing the total capacity of Holcim Brazil to 7.6 million tonnes. With this investment, the company will be better positioned to meet growing demand for building materials in the country.

Indonesia – capacity expansion at Tuban

In order to meet rising demand, Holcim decided in 2010 to build a new cement plant in Tuban, East Java, with an annual production capacity of 1.6 million tonnes and with optimized logistic costs. Commissioning of the cement production and shipping facilities is scheduled for the second quarter of 2013 while clinker production is on track to come on stream in December 2013. In view of the continued positive development of the Indonesian market, Holcim has approved the construction of a second identical kiln line in Tuban which is planned to go into operation in 2015. By leveraging a strong brand presence and optimizing the costs of logistics and production, this investment is expected to strengthen Holcim Indonesia's position to participate in the country's robust economic growth.

Ecuador – clinker capacity expansion at Guayaquil

Following the timely commissioning of the new cement mill late in 2011, Holcim Ecuador began in December 2012 the second phase of the cement plant modernization in Guayaquil, increasing the clinker capacity by 1.5 million tonnes by the end of 2015. This investment will balance local clinker production capacity with local cement capacity in order to eliminate costly clinker imports, reduce logistics related risks and increase local value addition. With this investment Holcim Ecuador will be better positioned to further leverage its strong brand presence, meeting its customer's needs, maintaining reasonable levels of profitability through continued contribution to the growing Ecuadorian economy.

Group $ROIC_{BT}$

The Group's return on invested capital before tax ($ROIC_{BT}$) measures the profitability of the capital employed. It is regarded as a measure of operating profitability and is calculated by expressing EBIT (earnings before interest and taxes) as a percentage of the average invested capital (excluding cash and marketable securities).

Group $ROIC_{BT}$

Million CHF

	EBIT[1]	Invested capital			$ROIC_{BT}$ in %
		Current year	Previous year	Average	
2012	2,237	32,283	33,426	32,854	6.8
2011	2,235	33,426	35,040	34,233	6.5

[1] Earnings before interest and taxes.

In 2012, the $ROIC_{BT}$ rose from 6.5 percent to 6.8 percent, a development primarily supported by lower average invested capital. After adjusting for restructuring costs the $ROIC_{BT}$ would amount to 8.8 percent (2011: 7.5).

Financing activity

Our investments were funded out of cash flow from operating activities. New debt capital was mainly used to refinance existing borrowings. To strengthen the Group's balance sheet, Holcim sold 5 million treasury shares on March 27, 2012 with proceeds of CHF 296 million. In the year under review, capital market transactions in the amount of CHF 2.7 billion were undertaken by Holcim, enabling the Group to lock in historically low interest rates in various currencies and to extend the average maturity of financial liabilities. The main transactions were the following:

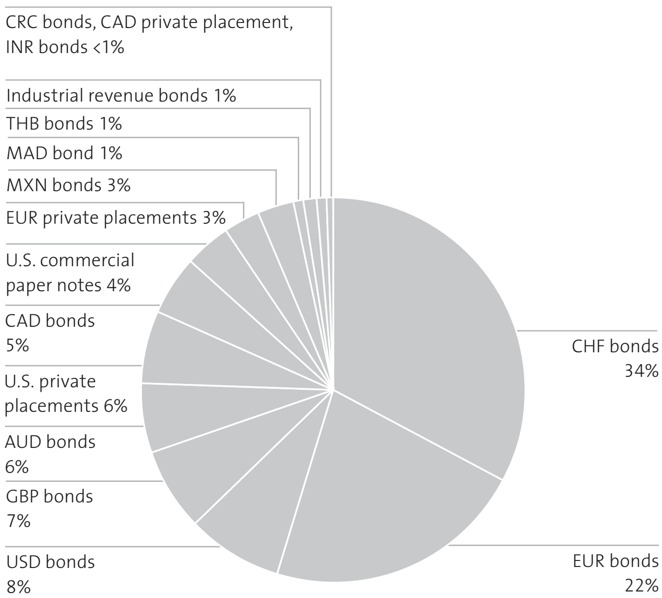
CHF	450 million Holcim Ltd bond with a coupon of 3%, term 2012–2022
EUR	500 million Holcim US Finance S.à r.l. & Cie S.C.S. bond with a coupon of 2.63%, term 2012–2020
AUD	250 million Holcim Finance (Australia) Pty Ltd bond with a coupon of 7%, term 2012–2015
AUD	250 million Holcim Finance (Australia) Pty Ltd bond with a coupon of 6%, term 2012–2017
AUD	200 million Holcim Finance (Australia) Pty Ltd bond with a coupon of 5.25%, term 2012–2019
CAD	300 million Holcim Finance (Canada) Inc. bond with a coupon of 3.65%, term 2012–2018
MXN	1,500 million Holcim Capital México, S.A. de C.V. bond with a floating interest rate, term 2012–2015
MXN	800 million Holcim Capital México, S.A. de C.V. bond with a floating interest rate, term 2012–2016
MXN	1,700 million Holcim Capital México, S.A. de C.V. bond with a coupon of 7%, term 2012–2019
USD	1,000 million U.S. commercial paper program launched by Holcim US Finance S.à r.l. & Cie S.C.S. and Holcim Capital Corporation Ltd. to refinance bank debt

Net financial debt

Net financial debt was reduced from CHF 11,549 million to CHF 10,362 million in the year under review. This reduction was supported by cash flow from operating activities, the disposal of treasury shares and the sale of 9.3 percent of Holcim's share capital in Siam City Cement Company, Thailand.

At the end of 2012, the ratio of net financial debt to shareholders' equity (gearing) was 52.2 percent (2011: 58.8). Gearing decreased primarily as a result of the reduction of net financial debt.

Capital market financing of the Group as per December 31, 2012 (CHF 10,888 million)



Financing profile

Holcim was able to further strengthen its financial profile. 81 percent of the financial liabilities are financed through various capital markets (see overview of all outstanding bonds and private placements on pages 176 and 177) and 19 percent through banks and other lenders. There are no major positions with individual lenders. The company explicitly favors a very broad investor base and continued to expand it in 2012 by tapping new capital markets in Mexico and the United States and thus reducing bank debt.

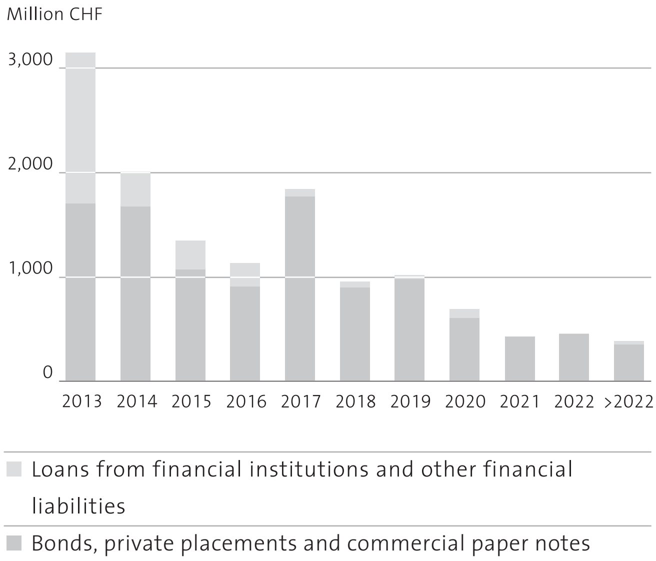
With 4.2 years, the average maturity of financial liabilities was successfully extended compared to the previous year (2011: 4.0). The Group's maturity profile is widely spread with a large proportion of mid to long-term financing.

To further optimize the Group's maturity profile and make efficient use of the Group's cash and cash equivalents, Holcim US Finance S.à r.l. & Cie S.C.S. repaid early a EUR 358 million private placement in October 2012 which was due to mature in April 2013.

Maintaining a favorable credit rating is one of the Group's objectives and therefore, Holcim gives due priority to achieving its financial targets and retaining its investment grade rating. Detailed information on the credit ratings can be found on pages 52, 149 and 150 of this Annual Report. Holcim improved its financial targets to retain an investment grade rating. The ratio of funds from operations to net financial debt improved to 30.9 percent (Holcim target: >25 percent) and the ratio of net financial debt to EBITDA to 2.3x (Holcim target: <2.8x). The EBITDA net interest coverage reached 7.0x (Holcim target: >5x) and the EBIT net interest coverage 3.6x (Holcim target: >3x).

The average interest rate on Holcim's financial liabilities as at December 31, 2012 was at 4.5 percent (2011: 4.4), whereas the proportion of fixed-rate debt increased to 55 percent (2011: 53).

Maturity profile of total financial liabilities as per December 31, 2012[1]



Liquidity

To secure liquidity, the Group held liquid funds of CHF 3,145 million at December 31, 2012 (2011: 2,946). Most of this cash is invested in term deposits held with a large number of banks on a broadly diversified basis. The counterparty risk is constantly monitored on the basis of clearly defined principles as part of the risk management process. As of December 31, 2012, Holcim also had unused credit lines amounting to CHF 8,095 million (2011: 6,674) (see also page 174). This includes unused, committed credit lines of CHF 5,369 million (2011: 4,319). Existing borrowings[1] at December 31, 2012 of CHF 3,185 (2011: 2,808) maturing in the next 12 months are comfortably covered by existing cash, cash equivalents and unused committed credit lines.

In 2012, a U.S. commercial paper program was launched by Holcim US Finance S.à r.l. & Cie S.C.S. and Holcim Capital Corporation Ltd. The aim of this program is to access a new funding source which allows Holcim to finance USD liquidity needs at attractive terms and to refinance bank debt. Notes in the amount of USD 442 million were outstanding as per December 31, 2012.

Currency sensitivity

The Group operates in around 70 countries, generating the majority of its results in currencies other than the Swiss franc. Only about 3 percent of net sales are generated in Swiss francs.

Foreign-currency volatility has little effect on the Group's operating profitability. As the Group produces a very high proportion of its products locally, most sales and costs are incurred in the respective local currencies. The effects of foreign exchange movements are therefore largely restricted to the translation of local financial statements for the consolidated statement of income. In the last financial year these were, on balance, negative. Because a large part of the foreign capital is financed with matching currencies in local currency, the effects of the foreign currency translation of local balance sheets for the consolidated statement of financial position have not, in general, resulted in significant distortions in the consolidated statement of financial position.

[1] After risk-related adjustments of CHF 414 million from current financial liabilities to long-term financial liabilities.

The following sensitivity analysis presents the effect of the main currencies on selected key figures of the consolidated financial statements. The sensitivity analysis only factors in effects that result from the conversion of local financial statements into Swiss francs (translation effect). Currency effects from transactions conducted locally in foreign currencies are not included in the analysis. Given the local nature of business activities, this type of transaction is seldom individually hedged.

The following table shows the effects of a hypothetical 5 percent depreciation in the respective foreign currency versus the Swiss franc:

Sensitivity analysis

Million CHF	2012	EUR	GBP	USD	Latin American basket (MXN, BRL, ARS, CLP)	INR	Asian basket (AUD, IDR, PHP, THB)
	Actual figures	Assuming a 5% lower exchange rate the impact would be as follows:					
Net sales	21,544	(125)	(87)	(121)	(114)	(182)	(212)
Operating EBITDA	3,984	(6)	(4)	(32)	(25)	(41)	(46)
Net income	1,026	26	4	(14)	(5)	(23)	(11)
Cash flow from operating activities	2,682	0	(2)	(20)	(14)	(33)	(24)
Net financial debt	10,362	(63)	(34)	(72)	(35)	52	(124)

Consolidated statement of income of Group Holcim

Million CHF	Notes	2012	2011
Net sales	5, 6	**21,544**	**20,744**
Production cost of goods sold	7	(12,752)	(12,216)
Gross profit		**8,793**	**8,528**
Distribution and selling expenses	8	(5,501)	(5,226)
Administration expenses		(1,475)	(1,369)
Operating profit		**1,816**	**1,933**
Other income	11	207	69
Share of profit of associates	22	115	149
Financial income	12	233	191
Financial expenses	13	(786)	(1,210)
Net income before taxes		**1,585**	**1,131**
Income taxes	14	(558)	(449)
Net income		**1,026**	**682**
Attributable to:			
Shareholders of Holcim Ltd		622	275
Non-controlling interest		404	408
Earnings per share in CHF			
Earnings per share	16	1.92	0.86
Fully diluted earnings per share	16	1.92	0.86

Consolidated statement of comprehensive earnings of Group Holcim

Million CHF	Notes	2012	2011
Net income		**1,026**	**682**
Other comprehensive earnings			
Currency translation effects			
– Exchange differences on translation		(533)	(1,247)
– Realized through statement of income		3	108
– Tax effect		17	3
Available-for-sale financial assets			
– Change in fair value		2	(2)
– Realized through statement of income	25	(63)	(55)
– Tax effect			
Cash flow hedges			
– Change in fair value		(15)	(3)
– Realized through statement of income		3	
– Tax effect			(1)
Net investment hedges in subsidiaries			
– Change in fair value		(1)	2
– Realized through statement of income			
– Tax effect			
Total other comprehensive earnings		**(586)**	**(1,195)**
Total comprehensive earnings		**441**	**(513)**
Attributable to:			
Shareholders of Holcim Ltd		152	(606)
Non-controlling interest		289	93

Consolidated statement of financial position of Group Holcim

Million CHF	Notes	31.12.2012	31.12.2011
Cash and cash equivalents	17	3,145	2,946
Marketable securities		1	4
Accounts receivable	18	2,717	2,719
Inventories	19	2,042	2,086
Prepaid expenses and other current assets	20	403	382
Assets classified as held for sale		56	16
Total current assets		**8,363**	**8,154**
Long-term financial assets	21	557	561
Investments in associates	22	1,289	1,425
Property, plant and equipment	23	22,026	22,933
Intangible assets	24	8,258	8,453
Deferred tax assets	31	417	490
Other long-term assets	25	521	539
Total long-term assets		**33,068**	**34,400**
Total assets		**41,431**	**42,554**
Trade accounts payable	27	2,316	2,547
Current financial liabilities	28	3,599	2,820
Current income tax liabilities		443	418
Other current liabilities		1,742	1,667
Short-term provisions	32	299	242
Total current liabilities		**8,399**	**7,695**
Long-term financial liabilities	28	9,908	11,675
Defined benefit obligations	33	305	285
Deferred tax liabilities	31	1,820	2,061
Long-term provisions	32	1,162	1,181
Total long-term liabilities		**13,195**	**15,202**
Total liabilities		**21,594**	**22,897**
Share capital	36	654	654
Capital surplus		8,573	8,894
Treasury shares	36	(114)	(486)
Reserves		7,836	7,768
Total equity attributable to shareholders of Holcim Ltd		**16,949**	**16,830**
Non-controlling interest		2,889	2,827
Total shareholders’ equity		**19,837**	**19,656**
Total liabilities and shareholders’ equity		**41,431**	**42,554**

Consolidated statement of changes in equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares	*Retained earnings*
Equity as at January 1, 2012	**654**	**8,894**	**(486)**	**15,785**
Net income				622
Other comprehensive earnings				
Total comprehensive earnings				622
Payout		(325)		
Change in treasury shares			342	(49)
Share-based remuneration		4	11	
Capital paid-in by non-controlling interest				
Acquisition of participation in Group companies				
Change in participation in existing Group companies			18	(36)
Equity as at December 31, 2012	**654**	**8,573**	**(114)**	**16,322**
Equity as at January 1, 2011	**654**	**9,371**	**(476)**	**15,688**
Net income				275
Other comprehensive earnings				
Total comprehensive earnings				275
Payout		(480)		
Change in treasury shares			(21)	
Share-based remuneration		3	11	1
Capital paid-in by non-controlling interest				
Acquisition of participation in Group companies				
Change in participation in existing Group companies				(179)
Equity as at December 31, 2011	**654**	**8,894**	**(486)**	**15,785**

	Available-for-sale reserve	*Cash flow hedging reserve*	*Currency translation adjustments*	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Non-controlling interest	Total shareholders' equity
	193	**4**	**(8,214)**	**7,768**	**16,830**	**2,827**	**19,656**
				622	622	404	1,026
	(61)	(12)	(397)	(470)	(470)	(115)	(586)
	(61)	(12)	(397)	152	152	289	441
					(325)	(218)	(543)
				(49)	293		293
			1	1	16		16
						16	16
				(36)	(18)	(26)	(43)
	132	**(7)**	**(8,611)**	**7,836**	**16,949**	**2,889**	**19,837**
	249	**7**	**(7,392)**	**8,552**	**18,101**	**3,020**	**21,121**
				275	275	408	682
	(56)	(3)	(822)	(881)	(881)	(315)	(1,195)
	(56)	(3)	(822)	(606)	(606)	93	(513)
					(480)	(226)	(706)
					(21)		(21)
				1	15	1	16
						32	32
						23	23
				(179)	(179)	(116)	(295)
	193	**4**	**(8,214)**	**7,768**	**16,830**	**2,827**	**19,656**

Consolidated statement of cash flows of Group Holcim

Million CHF	Notes	2012	2011
Net income before taxes		**1,585**	**1,131**
Other income	11	(207)	(69)
Share of profit of associates	22	(115)	(149)
Financial expenses net	12, 13	553	1,020
Operating profit		**1,816**	**1,933**
Depreciation, amortization and impairment of operating assets	9	2,168	2,025
Other non-cash items		425	242
Change in net working capital		(554)	(259)
Cash generated from operations		**3,855**	**3,941**
Dividends received		69	137
Interest received		160	132
Interest paid		(711)	(701)
Income taxes paid		(663)	(705)
Other expenses		(29)	(52)
Cash flow from operating activities (A)		**2,682**	**2,753**
Purchase of property, plant and equipment		(1,740)	(1,776)
Disposal of property, plant and equipment		120	138
Acquisition of participation in Group companies		(2)	(137)
Disposal of participation in Group companies		239	5
Purchase of financial assets, intangible and other assets		(186)	(242)
Disposal of financial assets, intangible and other assets		334	221
Cash flow from investing activities (B)	39	**(1,235)**	**(1,791)**
Payout on ordinary shares	16	(325)	(480)
Dividends paid to non-controlling interest		(219)	(234)
Capital paid-in by non-controlling interest		16	32
Movements of treasury shares	36	293	(21)
Proceeds from current financial liabilities		7,314	6,232
Repayment of current financial liabilities		(7,183)	(6,301)
Proceeds from long-term financial liabilities		5,209	4,067
Repayment of long-term financial liabilities		(6,169)	(4,298)
Increase in participation in existing Group companies		(66)	(390)
Decrease in participation in existing Group companies		0	27
Cash flow from financing activities (C)		**(1,130)**	**(1,366)**
In(De)crease in cash and cash equivalents (A + B + C)		**317**	**(405)**
Cash and cash equivalents as at January 1 (net)	17	**2,497**	**3,069**
In(De)crease in cash and cash equivalents		317	(405)
Currency translation effects		(78)	(168)
Cash and cash equivalents as at December 31 (net)	17	**2,737**	**2,497**

Accounting policies

Basis of preparation

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

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised and new International Financial Reporting Standards and interpretations

In 2012, Group Holcim adopted no new or revised standards or interpretations relevant to the Group.

In 2013, Group Holcim will adopt the following new and amended standards and interpretations relevant to the Group:

IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (amended)	*Presentation of Items of Other Comprehensive Income*
IAS 19 (revised)	*Employee Benefits*
IAS 28 (revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Improvements to IFRSs	*Clarifications of existing IFRSs (issued in May 2012)*

IFRS 10, which replaces IAS 27 Consolidated and Separate Financial Statements, introduces a single consolidation model applicable to all investees. That model states that the investor consolidates an investee when it has control over the investee, i.e. when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The adoption of this new standard will not materially impact the Group's financial statements.

IFRS 11, which replaces IAS 31 Interests in Joint Ventures, will require companies to classify joint arrangements as either a joint operation or as a joint venture, based on the rights and obligations arising from the joint arrangement. The standard also requires companies to apply the equity method of accounting for interests in joint ventures. As a consequence thereof, Holcim will be unable to continue to apply the proportionate method of consolidation for such entities. Based on the joint ventures held in 2012, had the Group applied IFRS 11 for the current year, net sales would have decreased by about CHF 367 million, operating profit would have decreased by approximately CHF 59 million and total assets and liabilities would have decreased by about CHF 214 million and CHF 135 million, respectively. However, any impact on equity and net income attributable to shareholders of Holcim Ltd would have been immaterial.

IFRS 12 sets out the disclosure requirements for IFRS 10, IFRS 11 and IAS 28. This standard is disclosure related only. The Group is in the process of evaluating whether the current disclosures will need to be expanded.

IFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The new standard does not change the IFRS as to when an entity is required to use fair value. The adoption of this new standard will not materially impact the Group's financial statements.

IAS 1 (amended) requires companies to group items presented in other comprehensive earnings on the basis of whether they are potentially reclassifiable to profit or loss subsequently. As such, the amendment will only impact the presentation of certain items in the Group's statement of comprehensive earnings.

According to IAS 19 (revised), Group companies will not be able to defer actuarial gains and losses and subsequently amortize them to profit or loss by applying the corridor method but instead will be required to recognize such changes immediately in other comprehensive earnings. No reclassification of these amounts will be permitted in future periods. In addition, the expected return on plan assets has been removed and instead companies will be required to calculate a net interest expense on the net defined benefit liability and recognize the resulting cost in the income statement. Based on the 2012 results, Holcim believes that had the Group applied IAS 19 (revised) for the current year, the approximate financial impacts would have been as follows:

The net interest component of personnel expenses would have increased by approximately CHF 27 million as a result of the removal of the expected return on plan assets. The increase in net interest expense is more than offset with the elimination of the amortization of the actuarial losses of CHF 29 million, and after adjusting for other negative impacts of about CHF 4 million, operating profit would have decreased by about CHF 2 million.

The derecognition of unrecognized actuarial losses and past service costs at 1 January 2012, including the related deferred tax impact, would have resulted in a decrease in retained earnings of about CHF 475 million. Other comprehensive earnings, including the deferred tax effect, would have decreased by about CHF 52 million largely due to the immediate recognition of net actuarial losses relating to defined benefit obligations and the remeasurement of plan assets for the current year.

The defined benefit obligations in the statement of financial position of Group Holcim would have increased by about CHF 700 million as a result of the removal of the corridor method; accordingly, deferred tax assets would have increased by approximately CHF 162 million.

The approximate impacts mentioned above should not be considered predictive for future years considering the volatility of the underlying nature of the defined benefit pension plans and other post-employment benefit plans.

IAS 28 (revised) has been consequentially revised to include joint ventures in its scope as a result of IFRS 11 which requires such entities to be equity accounted in accordance with IAS 28 (revised).

IFRIC 20 states that costs incurred to remove waste materials (overburden) to gain access to raw material is recognized as an asset and is depreciated over the expected useful life of the area exposed as a result of the stripping activity based on the unit-of-production method. Since Holcim applies such an accounting policy, IFRIC 20 will not impact the Group's financial statements.

The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

In 2015, Group Holcim will adopt the following new standard relevant to the Group:

IFRS 9	*Financial Instruments*

IFRS 9 will ultimately replace IAS 39. Classification and measurement of financial assets and financial liabilities represents the first part of the new standard. This standard will require financial assets to be classified on initial recognition at either amortized cost or fair value. For financial liabilities, the new standard retains most of the current IAS 39 requirements. Therefore, the effect of applying the first part of this new standard will have no material impact on the Group's financial statements.

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 and liabilities within the next financial year relate primarily to goodwill, and to a lesser extent, defined benefit obligations, deferred tax assets, site restoration and other long-term provisions, depreciation of property, plant and equipment and disclosure of contingent liabilities at the end of the reporting period. 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 33).

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 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. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest assumed.

When Group Holcim acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the fair value of Group Holcim's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

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 in full.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, 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 non-controlling interest recognized directly as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in profit or loss and no earnings are attributed to the non-controlling interest. However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

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 from 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

The individual financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Statements of income of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and statements of financial position are translated at exchange rates prevailing on December 31.

Goodwill arising from 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 translated into the functional currency 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 statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges.

Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are fully recycled to the statement of income when Group Holcim loses control of a subsidiary, loses joint control over a joint venture or loses significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control.

Segment information

Segment information is presented in respect of the Group's reportable segments.

For management purposes, the Group is organized by geographical areas and has five reportable segments based on location of assets as follows:

Asia Pacific
Latin America
Europe
North America
Africa Middle East

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services.

The Group has three product lines:

Cement, which comprises clinker, cement and other cementitious materials
Aggregates
Other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services

Group financing (including financing costs and financing income) and income taxes are managed on a Group basis and are not allocated to any reportable segments.

Transfer prices between 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 segments. Those transfers are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, 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 other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Accounts receivable

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

Long-term financial assets

Long-term 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. A loan or receivable may also be designated as available-for-sale. 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 using the effective interest method. 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 other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

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 statement of income 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 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 necessarily takes a substantial period of time to get ready for their intended use, 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 the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. 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 aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Such goodwill is tested annually for impairment or whenever there are impairment indicators and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates is included in investments in associates. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

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.

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 reporting 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. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. 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 statement of income.

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 statement of income.

Impairment of financial assets

At each reporting 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 original 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 statement of income 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 in other comprehensive earnings 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 statement of income.

In relation to accounts receivable, 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 statement of income 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 remeasured 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 end of the reporting period 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 reporting period.

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 end of the reporting period 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 statement of income, except when it relates to items credited or charged outside the statement of income, 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 as a result of exploitation activities 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 the end of the reporting period. 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 to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

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 defined benefit obligations 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 statement of income 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 due to be settled 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 statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 33).

Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent company and is presented separately in the consolidated statement of income, in the consolidated statement of comprehensive earnings and within equity in the consolidated statement of financial position.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Holcim acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity 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 statement of income 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 past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Holcim. They are accordingly only 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 but also opportunities the company encounters. 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 management

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 key management personnel. 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.

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.

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.

Contractual maturity analysis

Million CHF	Contractual undiscounted cash flows							Carrying
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total	amount
2012								
Trade accounts payable	2,179						2,179	2,179
Loans from financial institutions	1,428	317	232	223	67	183	2,450	2,456
Bonds, private placements and commercial paper notes	2,197	1,689	1,077	887	1,332	3,658	10,840	10,888
Interest payments	594	497	345	303	258	770	2,767	
Finance leases	25	19	12	10	9	68	143	93
Derivative financial instruments net[1]	9	(14)	32	(16)	(12)	(30)	(31)	(40)
Total	**6,431**	**2,508**	**1,698**	**1,407**	**1,653**	**4,650**	**18,348**	
2011								
Trade accounts payable	2,396						2,396	2,396
Loans from financial institutions	1,875	692	677	122	957	147	4,471	4,467
Bonds, private placements and commercial paper notes	1,090	2,189	1,730	737	829	3,139	9,715	9,774
Interest payments	604	519	393	257	227	801	2,802	
Finance leases	34	21	10	5	5	58	133	97
Derivative financial instruments net[1]	(11)	95	(17)	38	(15)	(12)	78	69
Total	**5,989**	**3,517**	**2,792**	**1,160**	**2,003**	**4,133**	**19,594**	

[1] All derivative financial instruments are held for hedging. The contractual cash flows include both cash in- and outflows. Additional information is disclosed in note 30.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and 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.

Interest rate risk

Interest rate risk arises from movements in market interest rates which could affect the Group's financial result and market values of its financial instruments. The Group is primarily exposed to fluctuations in market interest rates on its financial liabilities at floating rates which may cause variations in the Group's financial result. The exposure is addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest rate sensitivity

The Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Group's financial liabilities at variable rate on a post hedge basis as at December 31.

A 1 percentage point 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 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF 38 million (2011: 50) of annual additional/lower financial expenses before tax on a post hedge basis. The Group's sensitivity to interest rates is lower than last year mainly due to the fact that the ratio of financial liabilities at variable rates to total financial liabilities has decreased from 47 percent to 45 percent.

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

Currency risk
The Group operates internationally in around 70 countries and therefore is exposed to foreign currency risks.

The translation of foreign operations 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 currency translation adjustments.

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 do not include the hedging of forecasted transactions as it is not considered economical.

Currency sensitivity
The Group's sensitivity analysis has been determined based on the Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Group operates in.

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.

A ±5 percent change in the CHF, USD and EUR against the respective currencies the Group operates in would only have an immaterial impact on foreign exchange (loss) gains net 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.

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.

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 the ratio of funds from operations as a percentage of net financial debt, gearing and the ratio of net financial debt to EBITDA.

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 statement of financial position.

Gearing is calculated as net financial debt divided by total shareholders' equity as shown in the consolidated statement of financial position.

The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Group to pay back its debt. The Group aims for a ratio of less than 2.8x.

During 2012, the Group's target, which was unchanged from 2011, 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 80 to 100 percent in order to maintain a solid investment grade rating.

Due to an increase in net income and a decrease in net financial debt, the ratio of funds from operations/net financial debt increased.

The decrease in gearing arose due to the decrease in net financial debt and the increase in total shareholders' equity. Shareholders' equity increased by 0.9 percent during 2012 mainly as a result of net income.

The net financial debt to EBITDA ratio decreased from 2.7x in 2011 to 2.3x as a result of the decreased net financial debt and the increased EBITDA.

Million CHF	2012	2011
Net income	1,026	682
Depreciation, amortization and impairment (note 9)	2,178	2,367
Funds from operations	3,204	3,049
Financial liabilities (note 28)	13,507	14,495
Cash and cash equivalents (note 17)	(3,145)	(2,946)
Net financial debt	10,362	11,549
Funds from operations/net financial debt	**30.9%**	**26.4%**

Million CHF	2012	2011
Net financial debt	10,362	11,549
Total shareholders' equity	19,837	19,656
Gearing	**52.2%**	**58.8%**

Million CHF	2012	2011
Net financial debt	10,362	11,549
EBITDA	4,415	4,264
Net financial debt/EBITDA	**2.3**	**2.7**

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. At year end 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 consolidated statement of financial position.

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 statement of income, 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 outside the statement of income. 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 statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges and that are highly effective are recognized outside the statement of income and included in currency translation adjustments. The amounts deferred in equity are transferred to the statement of income 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 statement of income as part of the financial result.

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 recognized 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 statement of income. In the case of a fair value hedge related to items carried at amortised cost, any valuation adjustment relating to a hedged item is amortized to profit or loss over the remaining life of the hedged item.

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 30. Movements in the cash flow hedging reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Fair value estimation
The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair values

Million CHF	Carrying amount (based on measurement basis)				Comparison
	Amortized cost	Fair value level 1	Fair value level 2	Total	fair value
2012					
Current financial assets					
Cash and cash equivalents	3,145			3,145	3,145
Marketable securities		1[1]		1	1
Trade accounts receivable	2,395			2,395	2,395
Other receivables	62			62	62
Other current assets			88[1]	88	88
Derivative assets[3]			5	5	5
Long-term financial assets					
Long-term receivables	293			293	313
Other long-term assets			87[1]	87	87
Financial investments third parties	55[2]	3[1]	99[1]	157	157
Derivative assets[3]			106	106	106
Current financial liabilities					
Trade accounts payable	2,179			2,179	2,179
Current financial liabilities	3,575			3,575	3,575
Derivative liabilities[3]			24	24	24
Long-term financial liabilities					
Long-term financial liabilities	9,861			9,861	11,557
Derivative liabilities[3]			47	47	47

[1] Available-for-sale.
[2] Financial investments measured at cost.
[3] Held for hedging.

Million CHF	Carrying amount (based on measurement basis)				Comparison
	Amortized cost	Fair value level 1	Fair value level 2	Total	fair value
2011					
Current financial assets					
Cash and cash equivalents	2,946			2,946	2,946
Marketable securities		4[1]		4	4
Trade accounts receivable	2,348			2,348	2,348
Other receivables	78			78	78
Other current assets			91[1]	91	91
Derivative assets[3]			5	5	5
Long-term financial assets					
Long-term receivables	330			330	345
Other long-term assets			177[1]	177	177
Financial investments third parties	45[2]	6[1]	96[1]	147	147
Derivative assets[3]			84	84	84
Current financial liabilities					
Trade accounts payable	2,396			2,396	2,396
Current financial liabilities	2,814			2,814	2,814
Derivative liabilities[3]			6	6	6
Long-term financial liabilities					
Long-term financial liabilities	11,523			11,523	13,120
Derivative liabilities[3]			152	152	152

[1] Available-for-sale.
[2] Financial investments measured at cost.
[3] Held for hedging.

The table shows the carrying amounts and fair values of financial assets and liabilities. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the statement of financial position.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2012 and 2011 there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2012 and 2011.

1 Changes in the scope of consolidation

During 2012 there were no business combinations that were either individually material or that were considered material on an aggregated basis.

During 2011 there were several business combinations that were individually immaterial but considered material on an aggregated basis.

Newly included in 2011	Effective as at	Participation acquired
Lattimore Materials Company, L.P.	March 4, 2011	51 percent
Východoslovenské stavebné hmoty, a.s.	October 25, 2011	51 percent

The aggregated identifiable net assets and liabilities arising from the acquisitions in 2011 are disclosed in note 39. The amounts disclosed were determined provisionally and no adjustments were made in 2012.

The amount of the non-controlling interest recognized in 2011 amounted to CHF 23 million and was measured at the proportionate share of the acquirees' identifiable net assets at the date of acquisition.

The total goodwill arising from the transactions in 2011 was CHF 79 million. The goodwill was attributable to the favorable presence that the companies enjoy in their respective markets, including the good locations and strategic importance of mineral reserves. None of the goodwill recognized was expected to be deductible for income tax purposes.

In 2011, Holcim recognized a gain of CHF 27 million as a result of measuring at fair value its previously held equity interests in the acquired companies held before the business combinations. The gains were included in other income in Holcim's consolidated statement of income for the year ending December 31, 2011.

In 2011, the acquired companies contributed net sales of CHF 203 million and a negative net income of CHF 8 million to the Group from the date of acquisition to December 31, 2011. If the acquisitions had occurred on January 1, 2011, Group net sales and net income would have been CHF 126 million and CHF 10 million higher, respectively.

Holcim recognized acquisition-related costs of CHF 4 million in 2011 which was reflected as administration expenses in the consolidated statement of income.

An overview of the subsidiaries, joint ventures and associated companies is included in the section "Principal companies of the Holcim Group" on pages 197 to 199.

2 Principal exchange rates

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

		Statement of income Average exchange rates in CHF		Statement of financial position Year-end exchange rates in CHF	
		2012	2011	31.12.2012	31.12.2011
1 Euro	EUR	1.21	1.24	1.21	1.22
1 US Dollar	USD	0.94	0.89	0.92	0.94
1 British Pound	GBP	1.48	1.42	1.48	1.45
1 Australian Dollar	AUD	0.97	0.92	0.95	0.96
100 Brazilian Real	BRL	48.06	53.23	44.76	50.46
1 Canadian Dollar	CAD	0.94	0.90	0.92	0.92
1,000 Indonesian Rupiah	IDR	0.10	0.10	0.09	0.10
100 Indian Rupee	INR	1.75	1.91	1.67	1.77
100 Moroccan Dirham	MAD	10.86	10.97	10.82	10.95
100 Mexican Peso	MXN	7.11	7.16	7.05	6.71

3 Information by reportable segment

	Asia Pacific		Latin America		Europe	
	2012	2011	2012	2011	2012	2011
Capacity and sales						
Million t						
Annual cement production capacity	100.1	97.8	35.5	35.5	49.2	49.8
Sales of cement	79.2	75.6	24.9	24.2	26.3	26.8
– of which mature markets	4.7	4.7			15.2	16.5
– of which emerging markets	74.4	70.9	24.9	24.2	11.1	10.3
Sales of mineral components	1.1	1.2			2.3	2.4
Sales of aggregates	27.8	29.7	14.0	14.5	74.3	83.0
– of which mature markets	23.9	25.9			64.8	72.0
– of which emerging markets	3.9	3.8	14.0	14.5	9.5	11.0
Sales of asphalt					4.6	5.4
Million m^3						
Sales of ready-mix concrete	12.8	13.0	10.2	11.0	14.7	16.1
– of which mature markets	5.2	5.8			12.9	14.2
– of which emerging markets	7.5	7.2	10.2	11.0	1.8	1.9
Statement of income, statement of financial position and statement of cash flows						
Million CHF						
Net sales to external customers	8,560	7,681	3,356	3,195	5,405	5,922
Net sales to other segments	172	320	133	116	404	200
Total net sales	8,732	8,001	3,490	3,310	5,809	6,122
– of which mature markets	2,613	2,431			4,643	5,026
– of which emerging markets	6,118	5,570	3,490	3,310	1,166	1,096
Operating EBITDA	1,876	1,700	958	888	627	930
– of which mature markets	429	404			329	640
– of which emerging markets	1,446	1,297	958	888	298	290
Operating EBITDA margin in %	21.5	21.2	27.5	26.8	10.8	15.2
Depreciation, amortization and impairment of operating assets	(543)	(516)	(251)	(206)	(987)	(884)
Operating profit (loss)	1,332	1,185	707	682	(360)	47
Operating profit (loss) margin in %	15.3	14.8	20.3	20.6	(6.2)	0.8
Depreciation, amortization and impairment of non-operating assets	(1)	(1)	0	(1)	(1)	(1)
Other (expenses) income	(54)	(42)	(145)	(139)	(35)	(57)
Share of profit of associates	9	10	(2)		23	24
Other financial income	18	44	8	9	18	21
EBITDA	1,849	1,715	819	759	634	920
Investments in associates	71	71	8	11	240	223
Net operating assets	8,548	8,885	3,677	3,817	8,602	8,512
Total assets	13,528	13,692	5,080	4,989	13,817	14,807
Total liabilities	3,887	4,019	2,939	2,783	6,569	7,092
Cash flow from operating activities	1,456	1,368	517	376	421	621
Cash flow margin in %	16.7	17.1	14.8	11.4	7.3	10.1
Acquisition cost segment assets[1]	750	652	312	296	501	645
Cash flow from investing activities[2]	(613)	(754)	(311)	(233)	(468)	(680)
Impairment loss[3]	(5)	(12)	(35)	(8)	(444)	(351)
Personnel						
Number of personnel	38,267	37,942	11,765	12,867	17,924	19,602

[1] Property, plant and equipment and intangible assets.
[2] Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.
[3] Included in depreciation, amortization and impairment of operating and non-operating assets respectively.

	North America		Africa Middle East		Corporate/Eliminations		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011
	22.0	21.9	10.7	11.1			217.5	216.0
	12.0	11.4	8.4	8.7	(2.7)	(2.4)	148.0	144.3
	12.0	11.4			(1.3)	(1.2)	30.7	31.4
			8.4	8.7	(1.4)	(1.2)	117.3	112.9
	1.4	1.5					4.8	5.1
	41.3	43.5	2.3	2.3			159.7	173.0
	41.3	43.5					130.0	141.4
			2.3	2.3			29.7	31.7
	4.5	5.0					9.1	10.3
	8.1	7.1	1.1	1.1			46.9	48.4
	8.1	7.1					26.3	27.0
			1.1	1.1			20.6	21.3
	3,276	2,987	947	959			21,544	20,744
					(710)	(636)		
	3,276	2,987	947	959	(710)	(636)	21,544	20,744
	3,276	2,987			(338)	(312)	10,196	10,132
			947	959	(372)	(324)	11,349	10,612
	480	346	278	312	(235)	(219)	3,984	3,958
	480	346			(114)	(110)	1,124	1,280
			278	312	(120)	(109)	2,860	2,678
	14.7	11.6	29.4	32.6			18.5	19.1
	(316)	(346)	(59)	(51)	(11)	(22)	(2,168)	(2,025)
	165	0	219	262	(246)	(241)	1,816	1,933
	5.0	0.0	23.1	27.3			8.4	9.3
	(5)	0			(3)	(339)	(10)	(342)
	(29)	(25)	(18)	(18)	487	350	207	69
			0	0	86	114	115	149
	1	2	0	0	53	7	99	83
	458	322	260	295	394	253	4,415	4,264
			2	3	967	1,116	1,289	1,425
	6,465	6,736	785	660	53	179	28,130	28,790
	7,572	8,114	1,435	1,401	0	(450)	41,431	42,554
	4,298	5,610	720	696	3,181	2,697	21,594	22,897
	118	153	158	225	11	9	2,682	2,753
	3.6	5.1	16.7	23.5			12.4	13.3
	111	115	81	76	8	8	1,764	1,792
	(112)	(117)	(82)	(76)	350	68	(1,235)	(1,791)
	(10)	(32)			(2)	(338)	(496)	(741)
	7,136	7,543	2,153	2,140	858	873	78,103	80,967

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

Million CHF	Notes	2012	2011
Operating profit		**1,816**	**1,933**
Depreciation, amortization and impairment of operating assets	9	2,168	2,025
Operating EBITDA		**3,984**	**3,958**
Dividends earned	11	1	3
Other ordinary income	11	216	70
Share of profit of associates	22	115	149
Other financial income	12	99	83
EBITDA		**4,415**	**4,264**
Depreciation, amortization and impairment of operating assets	9	(2,168)	(2,025)
Depreciation, amortization and impairment of non-operating assets	11	(10)	(4)
Interest earned on cash and marketable securities	12	133	108
Financial expenses	13	(786)	(1,210)
Net income before taxes		**1,585**	**1,131**

4 Information by product line

	Cement[1]	
Million CHF	2012	2011
Statement of income, statement of financial position and statement of cash flows		
Net sales to external customers	12,877	12,050
Net sales to other segments	1,314	1,329
Total net sales	14,191	13,379
– of which Asia Pacific	6,667	6,102
– of which Latin America	2,787	2,568
– of which Europe	2,633	2,723
– of which North America	1,383	1,226
– of which Africa Middle East	849	861
– of which Corporate/Eliminations	(127)	(101)
Operating EBITDA	3,448	3,245
– of which Asia Pacific	1,620	1,454
– of which Latin America	904	813
– of which Europe	512	682
– of which North America	341	210
– of which Africa Middle East	273	303
– of which Corporate/Eliminations	(203)	(217)
Operating EBITDA margin in %	24.3	24.3
Operating profit (loss)	2,062	1,969
Net operating assets	18,885	19,060
Acquisition cost segment assets[2]	1,290	1,309
Cash flow from investing activities[3]	(1,163)	(1,440)
Personnel		
Number of personnel	51,364	51,492

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

Aggregates		Other construction materials and services		Corporate/Eliminations		Total Group	
2012	2011	2012	2011	2012	2011	2012	2011
1,620	1,632	7,047	7,062			21,544	20,744
927	891	701	617	(2,942)	(2,837)		
2,547	2,523	7,748	7,680	(2,942)	(2,837)	21,544	20,744
753	681	2,006	1,887	(694)	(670)	8,732	8,001
109	115	963	1,022	(369)	(395)	3,490	3,310
1,167	1,243	2,810	3,005	(801)	(848)	5,809	6,122
475	459	1,798	1,614	(379)	(311)	3,276	2,987
27	26	111	117	(39)	(44)	947	959
15	0	61	35	(659)	(570)	(710)	(636)
401	522	136	191			3,984	3,958
150	166	105	80			1,876	1,700
24	35	29	40			958	888
156	224	(41)	25			627	930
98	105	42	31			480	346
4	4	0	5			278	312
(32)	(11)	0	9			(235)	(219)
15.7	20.7	1.8	2.5			18.5	19.1
(15)	122	(231)	(158)			1,816	1,933
5,430	5,672	3,815	4,058			28,130	28,790
231	258	231	223	12	2	1,764	1,792
(201)	(234)	(198)	(198)	328	82	(1,235)	(1,791)
6,435	6,898	20,018	22,469	287	108	78,103	80,967

5 Information by country

	Net sales to external customers		Non-current assets	
Million CHF	2012	2011	2012	2011
Switzerland	702	795	988	1,012
India	3,651	3,556	4,264	4,521
Australia	2,447	2,251	2,501	2,477
USA	1,959	1,806	5,489	5,829
United Kingdom	1,739	1,760	2,472	2,466
Remaining countries	11,047	10,576	14,571	15,080
Total Group	**21,544**	**20,744**	**30,285**	**31,385**

Net sales to external customers are based primarily on the location of assets (origin of sales).

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

6 Change in net sales

Million CHF	2012	2011
Volume and price	849	1,632
Change in structure	(18)	171
Currency translation effects	(31)	(2,712)
Total	**800**	**(909)**

7 Production cost of goods sold

Million CHF	2012	2011
Material expenses	(3,584)	(3,385)
Fuel expenses	(1,492)	(1,447)
Electricity expenses	(1,002)	(957)
Personnel expenses	(1,801)	(1,777)
Depreciation, amortization and impairment	(1,830)	(1,719)
Other production expenses	(3,141)	(2,905)
Change in inventory	98	(25)
Total	**(12,752)**	**(12,216)**

8 Distribution and selling expenses

Million CHF	2012	2011
Distribution expenses	(4,839)	(4,563)
Selling expenses	(663)	(662)
Total	**(5,501)**	**(5,226)**

9 Summary of depreciation, amortization and impairment

Million CHF	2012	2011
Production facilities	(1,830)	(1,719)
Distribution and sales facilities	(249)	(218)
Administration facilities	(90)	(88)
Total depreciation, amortization and impairment of operating assets (A)	**(2,168)**	**(2,025)**
Impairment of long-term financial assets	0	(338)
Impairment of investments in associates	(2)	0
Ordinary depreciation of non-operating assets	(3)	(4)
Unusual write-offs	(5)	0
Total depreciation, amortization and impairment of non-operating assets (B)	**(10)**	**(342)**
of which recognized in financial expenses	0	(338)
Total depreciation, amortization and impairment (A + B)	**(2,178)**	**(2,367)**
Of which depreciation of property, plant and equipment	(1,600)	(1,527)

10 Change in operating EBITDA

Million CHF	2012	2011
Volume, price and cost	34	(11)
Change in structure	2	11
Currency translation effects	(10)	(556)
Total	**26**	**(556)**

11 Other income

Million CHF	2012	2011
Dividends earned	1	3
Other ordinary income	216	70
Depreciation, amortization and impairment of non-operating assets	(10)	(4)
Total	**207**	**69**

In December 2012, Holcim reduced its shareholding in Siam City Cement Public Company Limited from 36.8 percent to 27.5 percent, while still maintaining joint control over the company. The pre-tax gain on the sale amounted to CHF 153 million and is included in “Other ordinary income”. Total cash proceeds received amounted to CHF 237 million, which is included in “Disposal of participation in Group companies” in the consolidated statement of cash flows.

In 2011, the position “Other ordinary income” mainly included the gain from sale of property, plant and equipment and the gain from the remeasurement at fair value of previously held equity interest in acquired companies before business combinations.

12 Financial income

Million CHF	2012	2011
Interest earned on cash and marketable securities	133	108
Other financial income	99	83
Total	**233**	**191**

In 2012 the position "Other financial income" includes the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of USD 61 million (CHF 58 million), respectively USD 61 million (CHF 54 million) in 2011. Additional information is disclosed in note 25.

The remaining amounts in both years relate primarily to income from loans and receivables.

13 Financial expenses

Million CHF	2012	2011
Interest expenses	(653)	(655)
Fair value changes on financial instruments	0	(1)
Amortization on bonds and private placements	(13)	(9)
Unwinding of discount on provisions	(31)	(54)
Other financial expenses	(96)	(437)
Foreign exchange loss net	(24)	(95)
Financial expenses capitalized	29	40
Total	**(786)**	**(1,210)**
Of which associates	0	(415)

The average rate of interest of financial liabilities at December 31, 2012, was 4.5 percent (2011: 4.4).

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

In 2011, the positions "Other financial expenses" and "Foreign exchange loss net" included an impairment charge and a reclassification of foreign exchange losses amounting to CHF 415 million recognized for AfriSam (Pty) Ltd as a result of the legal restructuring of that company in December 2011, which resulted in Group Holcim losing significant influence over that company.

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

Information about the Group's exposure to the risk of changes in market interest rates and foreign currency exchange rates is disclosed within the section "Risk management" on pages 148 and 149.

14 Income taxes

Million CHF	2012	2011
Current taxes	(693)	(600)
Deferred taxes	135	151
Total	**(558)**	**(449)**

Current taxes include an income of CHF 19 million (2011: 48) relating to prior years.

Deferred tax by type

Million CHF	2012	2011
Property, plant and equipment	(35)	(73)
Intangible and other long-term assets	10	(9)
Provisions	50	32
Tax losses carryforward	76	222
Other	34	(20)
Total	**135**	**151**

Reconciliation of tax rate

	2012	2011
Group's expected tax rate	**31%**	**39%**
Effect of non-deductible items	5%	7%
Effect of non-taxable items and income taxed at different tax rates	(7%)	(9%)
Effect on deferred tax balance due to changed tax rate	(1%)	(3%)
Net change of unrecognized tax loss carryforwards	10%	9%
Prior year taxes	(1%)	(4%)
Other items	(2%)	1%
Group's effective tax rate	**35%**	**40%**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of the Group companies. The decrease in the expected tax rate in 2012 is largely based on a change of the relative weight of the profit at the Group companies.

15 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 33 million (2011: 8) 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.

16 Earnings per share

	2012	2011
Earnings per share in CHF	**1.92**	**0.86**
Net income – shareholders of Holcim Ltd – as per statement of income (in million CHF)	622	275
Weighted average number of shares outstanding	323,849,497	319,802,593
Fully diluted earnings per share in CHF	**1.92**	**0.86**
Net income used to determine diluted earnings per share (in million CHF)	622	275
Weighted average number of shares outstanding	323,849,497	319,802,593
Adjustment for assumed exercise of share options	103,043	158,024
Weighted average number of shares for diluted earnings per share	323,952,540	319,960,617

In conformity with the decision taken at the annual general meeting on April 17, 2012, a cash payment out of the capital contribution reserves related to 2011 of CHF 1.00 per registered share has been paid. This resulted in a total payout of CHF 325 million.

A cash payment out of the capital contribution reserves in respect of the financial year 2012 of CHF 1.15 per registered share, amounting to a maximum payment of CHF 376 million, is to be proposed at the annual general meeting of shareholders on April 17, 2013. These consolidated financial statements do not reflect this cash payment, since it will be effective in 2013 only.

17 Cash and cash equivalents

Million CHF	2012	2011
Cash at banks and in hand	889	748
Short-term deposits	2,256	2,199
Total	**3,145**	**2,946**
Bank overdrafts	(408)	(450)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**2,737**	**2,497**

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

Bank overdrafts are included in current financial liabilities.

18 Accounts receivable

Million CHF	2012	2011
Trade accounts receivable – associates	76	56
Trade accounts receivable – third parties	2,319	2,292
Other receivables – associates	10	8
Other receivables – third parties	307	359
Derivative assets	5	5
Total	**2,717**	**2,719**
Of which pledged/restricted	9	90

Overdue accounts receivable

Million CHF	2012	2011
Not overdue	2,136	2,224
Overdue 1 to 89 days	415	384
Overdue 90 to 180 days	122	85
Overdue more than 180 days	219	191
./. Allowances for doubtful accounts	(174)	(165)
Total	**2,717**	**2,719**

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	2012	2011
January 1	**(165)**	**(183)**
Change in structure	(2)	0
Allowance recognized	(32)	(14)
Amounts used	9	6
Unused amounts reversed	0	2
Currency translation effects	15	24
December 31	**(174)**	**(165)**

19 Inventories

Million CHF	2012	2011
Raw materials and additives	278	297
Semifinished and finished products	1,029	941
Fuels	267	350
Parts and supplies	437	463
Unbilled services	30	36
Total	**2,042**	**2,086**

In 2012, the Group recognized inventory write-downs to net realizable value of CHF 13 million (2011: 2). The carrying amount of inventories carried at net realizable value was CHF 45 million (2011: 61).

20 Prepaid expenses and other current assets

This position includes a discounted installment of USD 96 million (CHF 88 million), relating to a compensation receivable from the Bolivarian Republic of Venezuela. In 2011 this amounted to USD 96 million (CHF 91 million). Additional information is disclosed in note 25.

21 Long-term financial assets

Million CHF	2012	2011
Financial investments – third parties	157	147
Long-term receivables – associates	197	201
Long-term receivables – third parties	97	128
Derivative assets	106	84
Total	**557**	**561**
Of which pledged/restricted	6	6

Long-term receivables and derivative assets are primarily denominated in CHF and USD. The repayment dates vary between one and 27 years.

22 Investments in associates

Million CHF	2012	2011
January 1	**1,425**	**1,432**
Share of profit of associates	115	149
Dividends earned	(68)	(137)
Net (disposals) additions	(135)	130
Reclassifications	(7)	(128)
Impairments	(2)	0
Currency translation effects	(39)	(21)
December 31	**1,289**	**1,425**

Sales to and purchases from associates amounted to CHF 160 million (2011: 146) and CHF 81 million (2011: 61), 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	2012	2011
Assets	2,875	2,917
Liabilities	(1,587)	(1,494)
Net assets	**1,288**	**1,423**
Net sales	1,693	1,654
Net income	115	143

Net income and net assets also reflect the unrecognized share of losses of associates where equity accounting is discontinued as the carrying amount of the investment reached zero. The unrecognized share of losses of associates amounts to zero (2011: 6). The accumulated unrecognized share of losses of associates amounts to CHF 1 million (2011: 2).

23 Property, plant and equipment

Million CHF	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
2012						
Net book value as at January 1	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
Change in structure	(8)	(10)	(36)	(5)	(6)	(65)
Additions	34	17	53	41	1,630	1,774
Disposals	(28)	(16)	(15)	(23)	(1)	(83)
Reclassifications	83	714	966	132	(1,928)	(33)
Depreciation	(128)	(333)	(883)	(256)	0	(1,600)
Impairment loss (charged to statement of income)	(116)	(143)	(181)	(7)	(11)	(459)
Currency translation effects	(67)	(114)	(198)	(15)	(47)	(441)
Net book value as at December 31	**4,867**	**5,420**	**8,760**	**1,144**	**1,835**	**22,026**
At cost of acquisition	6,177	9,944	19,284	3,448	1,922	40,776
Accumulated depreciation/impairment	(1,309)	(4,525)	(10,524)	(2,305)	(87)	(18,749)
Net book value as at December 31	**4,867**	**5,420**	**8,760**	**1,144**	**1,835**	**22,026**
Net asset value of leased property, plant and equipment	0	47	17	65	0	130
Of which pledged/restricted						39
2011						
Net book value as at January 1	**5,053**	**5,316**	**9,472**	**1,262**	**2,240**	**23,343**
Change in structure	145	77	129	61	4	415
Additions	85	77	178	35	1,472	1,846
Disposals	(64)	(13)	(11)	(20)	0	(108)
Reclassifications	100	403	667	259	(1,420)	9
Depreciation	(111)	(300)	(841)	(276)	0	(1,527)
Impairment loss (charged to statement of income)	(50)	(33)	(64)	(2)	(11)	(160)
Currency translation effects	(61)	(221)	(473)	(42)	(87)	(886)
Net book value as at December 31	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
At cost of acquisition	6,251	9,484	19,229	3,551	2,273	40,787
Accumulated depreciation/impairment	(1,154)	(4,178)	(10,173)	(2,274)	(76)	(17,855)
Net book value as at December 31	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
Net asset value of leased property, plant and equipment	1	54	16	65	0	136
Of which pledged/restricted						60

The net book value of CHF 22,026 million (2011: 22,933) represents 54.0 percent (2011: 56.2) of the original cost of all assets. At December 31, 2012, the fire insurance value of property, plant and equipment amounted to CHF 36,124 million (2011: 35,956). Net gains on sale of property, plant and equipment amounted to CHF 37 million (2011: 30).

In 2012, the impairment loss relates mainly to Group region Europe (CHF 424 million, of which CHF 397 million was recognized in the fourth quarter). The main countries affected are Spain and Italy (CHF 192 million and CHF 117 million, respectively, largely due to asset footprint adjustments in cement and aggregates) and certain countries in Eastern Europe (CHF 44 million).

In 2011, the impairment loss related mainly to Group region Europe (CHF 69 million in Spain and CHF 38 million in certain markets in Eastern Europe) and North America (CHF 32 million).

In both years, the impairment losses were a consequence of the decrease in demand for construction material in the respective regions and were largely included in production cost of goods sold in the statement of income.

Included in land, buildings and installations is investment property with a net book value of CHF 82 million (2011: 78). The fair value of this investment property amounted to CHF 84 million (2011: 81). Rental income related to investment property amounted to CHF 3 million (2011: 3).

24 Intangible assets

Million CHF	Goodwill	Other intangible assets	Total
2012			
Net book value as at January 1	**7,663**	**790**	**8,453**
Change in structure	(23)	(7)	(30)
Additions	0	60	60
Disposals	0	0	0
Amortization	0	(81)	(81)
Impairment loss (charged to statement of income)	(13)	(17)	(29)
Currency translation effects	(136)	22	(114)
Net book value as at December 31	**7,492**	**767**	**8,258**
At cost of acquisition	7,733	1,633	9,366
Accumulated amortization/impairment	(241)	(866)	(1,107)
Net book value as at December 31	**7,492**	**767**	**8,258**
2011			
Net book value as at January 1	**8,144**	**917**	**9,061**
Change in structure	77	45	122
Additions	0	25	25
Disposals	0	0	0
Amortization	0	(94)	(94)
Impairment loss (charged to statement of income)	(194)	(49)	(243)
Currency translation effects	(365)	(53)	(417)
Net book value as at December 31	**7,663**	**790**	**8,453**
At cost of acquisition	7,891	1,558	9,449
Accumulated amortization/impairment	(229)	(768)	(996)
Net book value as at December 31	**7,663**	**790**	**8,453**

The other intangible assets have finite useful lives, over which the assets are amortized. The corresponding amortization expense is recognized mainly in administration expenses.

In 2011, the impairment loss related mainly to Group region Europe (CHF 174 million in Spain and CHF 65 million in certain markets in Eastern Europe) which was a consequence of the decrease in demand for construction materials in these regions. The recoverable amount for Spain was based on value-in-use by applying a pre-tax discount rate of 6.7 percent. The impairment loss was included in production cost of goods sold in the statement of income.

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- or region-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).

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 2012

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,726	USD/CAD	7.8%	3.3%
India	1,340	INR	11.2%	8.1%
United Kingdom	849	GBP	8.9%	2.8%
Central Europe	511	CHF/EUR	6.3%	1.9%
Philippines	395	PHP	9.9%	5.0%
Mexico	390	MXN	8.2%	3.3%
Australia	353	AUD	7.7%	3.5%
Others[1]	1,928	Various	6.2%–16.2%	1.3%–7.5%
Total	**7,492**			

Key assumptions used for value-in-use calculations in respect of goodwill 2011

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,762	USD/CAD	7.7%	2.7%
India	1,417	INR	11.4%	8.1%
United Kingdom	833	GBP	9.5%	2.6%
Central Europe	513	CHF/EUR	6.6%	1.8%
Philippines	395	PHP	10.9%	5.0%
Mexico	374	MXN	8.5%	3.2%
Australia	356	AUD	8.0%	3.0%
Others[1]	2,013	Various	6.3%–14.2%	1.3%–7.5%
Total	**7,663**			

[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, and a 1 percentage point change in long-term GDP growth rate in cases where increasing sustainable cash flows were used, would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount.

In 2011, with regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believed that except for Spain (included in Others above) 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. Using a pre-tax discount rate of 6.7 percent, the recoverable amount of Spain equaled its carrying amount of CHF 52 million.

25 Other long-term assets

This position includes a discounted amount of USD 95 million (CHF 87 million), respectively USD 188 million (CHF 177 million) in 2011, relating to a compensation receivable from the Bolivarian Republic of Venezuela.

On September 4, 2010, Holcim Ltd signed a settlement with the Bolivarian Republic of Venezuela agreeing on the terms for Venezuela's compensation payment for the June 2008 nationalization of Holcim (Venezuela) C.A. and the suspension of the international arbitration procedure before the International Centre for Settlement of Investment Disputes (ICSID) in connection with that nationalization.

The agreed total compensation amount was USD 650 million (CHF 611 million), of which a first down-payment of USD 260 million (CHF 244 million) was received on September 10, 2010. A second payment of USD 97.5 million (CHF 87 million) was received on September 12, 2011 and a third payment of USD 97.5 million (CHF 91 million) on September 11, 2012. The remaining compensation amount of USD 194.9 million (CHF 178 million) is to be paid in two equal yearly installments of USD 97.5 million (CHF 89 million) starting in September 2013. In 2012 a further USD 61 million (CHF 58 million) was realized through "other financial income"; in 2011, this amounted to USD 61 million (CHF 54 million).

26 Joint ventures

The following amounts represent the effect of proportionately consolidated assets, liabilities and sales and results of significant joint ventures disclosed on pages 197 and 198.

The amounts are included in the consolidated statement of financial position and consolidated statement of income.

Statement of financial position

Million CHF	2012	2011
Current assets	91	100
Long-term assets	295	354
Total assets	**386**	**454**
Short-term liabilities	103	63
Long-term liabilities	35	93
Total liabilities	**138**	**155**
Net assets	**248**	**298**

Statement of income

Million CHF	2012	2011
Net sales	**396**	**336**
Operating profit	**59**	**57**
Net income from joint ventures	**50**	**47**

Sales to and purchases from significant joint ventures amounted to CHF 6 million (2011: 5) and CHF 51 million (2011: 63), respectively.

27 Trade accounts payable

Million CHF	2012	2011
Trade accounts payable – associates	20	12
Trade accounts payable – third parties	2,159	2,384
Advance payments from customers	137	151
Total	**2,316**	**2,547**

28 Financial liabilities

Million CHF	2012	2011
Current financial liabilities – associates	2	3
Current financial liabilities – third parties	1,472	1,433
Current portion of long-term financial liabilities	2,101	1,377
Derivative liabilities	24	6
Total current financial liabilities	**3,599**	**2,820**
Long-term financial liabilities – associates	9	9
Long-term financial liabilities – third parties	9,852	11,514
Derivative liabilities	47	152
Total long-term financial liabilities	**9,908**	**11,675**
Total	**13,507**	**14,495**
Of which secured	81	171

Details of total financial liabilities

Million CHF	2012	2011
Loans from financial institutions	2,456	4,467
Bonds and private placements	10,484	9,713
Commercial paper notes	404	61
Obligations under finance leases (note 29)	93	97
Derivative liabilities (note 30)	71	158
Total	**13,507**	**14,495**

"Loans from financial institutions" include amounts due to banks and other financial institutions. Repayment dates vary between one and 13 years. CHF 1,434 million (2011: 1,925) are due within one year.

The Group complied with its debt covenants.

Unutilized credit lines totaled CHF 8,095 million (2011: 6,674) at year-end 2012, of which CHF 5,369 million (2011: 4,319) are committed.

Financial liabilities by currency

Currency			2012			2011
	Million CHF	In %	Interest rate[1]	Million CHF	In %	Interest rate[1]
CHF	3,710	27.5	2.9	3,934	27.1	2.7
USD	3,377	25.0	3.7	3,927	27.1	3.4
EUR	2,426	18.0	5.4	3,009	20.8	5.1
AUD	1,107	8.2	5.8	994	6.9	7.2
GBP	785	5.8	7.1	724	5.0	7.5
CAD	586	4.3	4.8	299	2.1	5.9
MXN	427	3.2	5.8	442	3.0	6.2
Others	1,089	8.1	6.2	1,166	8.0	6.5
Total	**13,507**	**100.0**	**4.5**	**14,495**	**100.0**	**4.4**

[1] Weighted average nominal interest rate on financial liabilities at December 31.

Interest rate structure of total financial liabilities

Million CHF	2012	2011
Financial liabilities at fixed rates	7,448	7,706
Financial liabilities at floating rates	6,059	6,790
Total	**13,507**	**14,495**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

Information on the maturity of financial instruments is disclosed in the section "Risk management" on page 148.

Bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						2012	2011
Holcim Ltd							
CHF	290	2.50%		2005–2012	Bonds with fixed interest rate	0	290
CHF	250	3.00%	3.19%	2006–2015	Bonds with fixed interest rate	249	249
CHF	400	3.13%	0.25%	2007–2017	Bonds swapped into floating interest rates at inception	453	456
CHF	1,000	4.00%	4.33%	2009–2013	Bonds with fixed interest rate	997	994
CHF	450	4.00%	4.19%	2009–2018	Bonds with fixed interest rate	446	445
CHF	475	2.38%	2.64%	2010–2016	Bonds with fixed interest rate	471	470
CHF	450	3.00%	2.97%	2012–2022	Bonds with fixed interest rate	451	0
Aggregate Industries Holdings Limited							
GBP	163	7.25%	4.21%	2001–2016	Bonds, partly swapped into floating interest rates	270	267
Holcim GB Finance Ltd.							
GBP	300	8.75%	8.81%	2009–2017	Bonds guaranteed by Holcim Ltd	443	434
Holcim Capital Corporation Ltd.							
USD	50	7.65%	7.65%	2001–2031	Private placement guaranteed by Holcim Ltd	46	47
USD	65	6.59%	6.60%	2002–2014	Private placement guaranteed by Holcim Ltd	59	61
USD	100	6.59%	6.59%	2002–2014	Private placement guaranteed by Holcim Ltd	92	94
USD	250	6.88%	7.28%	2009–2039	Bonds guaranteed by Holcim Ltd	221	227
Holcim Capital México, S.A. de C.V.							
MXN	1,500	5.41%	5.76%	2012–2015	Bonds guaranteed by Holcim Ltd, with floating interest rates	105	0
MXN	800	5.52%	5.82%	2012–2016	Bonds guaranteed by Holcim Ltd, with floating interest rates	56	0
MXN	1,700	7.00%	7.23%	2012–2019	Bonds guaranteed by Holcim Ltd	119	0
Holcim Capital (Thailand) Ltd.							
THB	2,450	6.69%		2005–2012	Bonds guaranteed by Holcim Ltd	0	72
THB	2,000	3.52%	3.62%	2010–2015	Bonds guaranteed by Holcim Ltd	59	59
Holcim Finance (Canada) Inc.							
CAD	10	6.91%	6.92%	2002–2017	Private placement guaranteed by Holcim Ltd	9	9
CAD	300	5.90%	6.10%	2007–2013	Bonds guaranteed by Holcim Ltd	276	276
CAD	300	3.65%	3.77%	2012–2018	Bonds guaranteed by Holcim Ltd	275	0
Holcim Finance (Luxembourg) S.A.							
EUR	600	4.38%	4.45%	2004–2014	Bonds guaranteed by Holcim Ltd	723	729
EUR	650	9.00%	8.92%	2009–2014	Bonds guaranteed by Holcim Ltd	786	793
EUR	200	6.35%	6.40%	2009–2017	Bonds guaranteed by Holcim Ltd	241	243
Holcim Finance (Australia) Pty Ltd							
AUD	500	8.50%		2009–2012	Bonds guaranteed by Holcim Ltd	0	477
AUD	250	7.00%	7.21%	2012–2015	Bonds guaranteed by Holcim Ltd	237	0
AUD	250	6.00%	6.24%	2012–2017	Bonds guaranteed by Holcim Ltd	236	0
AUD	200	5.25%	5.52%	2012–2019	Bonds guaranteed by Holcim Ltd	188	0
Holcim Overseas Finance Ltd.							
CHF	155	3.00%	0.24%	2007–2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	160	164
CHF	425	3.38%	3.42%	2011–2021	Bonds guaranteed by Holcim Ltd	424	424
Subtotal						**8,092**	**7,281**

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						2012	2011
Subtotal						**8,092**	**7,281**
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	183	188
USD	125	6.10%	6.14%	2006–2016	Private placement guaranteed by Holcim Ltd	114	117
USD	125	5.96%	6.01%	2006–2013	Private placement guaranteed by Holcim Ltd	114	118
EUR	90	5.12%	1.34%	2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	109	114
EUR	358	1.96%		2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD at inception (early repaid in 2012)	0	436
EUR	202	1.47%	1.65%	2008–2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	244	245
USD	750	6.00%	6.25%	2009–2019	Bonds guaranteed by Holcim Ltd	677	695
EUR	500	2.63%	2.25%	2012–2020	Bonds guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	603	0
ACC Limited							
INR	750	11.30%	11.30%	2008–2013	Non-convertible debentures with fixed interest rate (partially repaid in 2012)	13	35
INR	820	8.45%	8.45%	2009–2014	Non-convertible debentures with fixed interest rate (partially repaid in 2012)	14	53
Holcim (Argentina) S.A.							
ARS	24	25.93%		2009–2012	Amortizing floating rate bonds	0	5
Holcim (Costa Rica) S.A.							
CRC	8,500	11.25%		2009–2012	Floating rate bonds	0	15
CRC	10,000	13.65%	14.36%	2010–2015	Floating rate bonds	18	18
CRC	8,500	12.00%	12.55%	2012–2014	Floating rate bonds	15	0
Holcim (Maroc) S.A.							
MAD	1,500	5.49%	5.49%	2008–2015	Bonds with fixed interest rate	162	164
Holcim (US) Inc.							
USD	5	0.26%		1996–2031	Industrial revenue bonds – Devil's Slide (early repaid in 2012)	0	5
USD	22	0.16%		1997–2027	Industrial revenue bonds – South Louisiana Port (early repaid in 2012)	0	21
USD	15	0.19%		1999–2031	Industrial revenue bonds – Midlothian (early repaid in 2012)	0	14
USD	33	0.26%	0.26%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf (partially repaid in 2012)	31	63
USD	18	0.12%		2000–2020	Industrial revenue bonds – Canada (early repaid in 2012)	0	17
USD	25	0.24%	0.24%	2003–2033	Industrial revenue bonds – Holly Hill	23	24
USD	27	0.15%	0.15%	2009–2034	Industrial revenue bonds – Midlothian	24	25
Siam City Cement (Public) Company Limited							
THB	4,000	4.50%	4.55%	2009–2013	Bonds with fixed interest rate	48	59
Total						**10,484**	**9,713**

29 Leases

Future minimum lease payments

Million CHF	Operating leases 2012	Finance leases 2012	Operating leases 2011	Finance leases 2011
Within 1 year	144	25	149	34
Within 2 years	112	19	114	21
Within 3 years	85	12	86	10
Within 4 years	67	10	68	5
Within 5 years	55	9	57	5
Thereafter	300	68	285	58
Total	**762**	**143**	**759**	**133**
Interest		(50)		(36)
Total finance leases		**93**		**97**

Total expense for operating leases recognized in the consolidated statement of income in 2012 was CHF 163 million (2011: 165). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities and liabilities due thereafter are included in long-term financial liabilities (note 28). There are no individually significant finance lease agreements.

30 Derivative financial instruments

Derivative assets with maturities exceeding one year are included in long-term financial assets (note 21) and derivative assets with maturities less than one year are included in accounts receivable (note 18).

Derivative liabilities are included in financial liabilities (note 28).

Derivative assets and liabilities

Million CHF	Fair value assets 2012	Fair value liabilities 2012	Nominal amount 2012	Fair value assets 2011	Fair value liabilities 2011	Nominal amount 2011
Fair value hedges						
Interest rate	73	0	629	81	0	628
Currency	0	1	56	0	0	0
Cross-currency	37	16	703	0	15	85
Total fair value hedges	**109**	**17**	**1,389**	**81**	**15**	**713**
Cash flow hedges						
Interest rate	0	2	153	0	3	78
Currency	0	4	61	5	7	141
Cross-currency	0	45	290	0	133	527
Total cash flow hedges	**0**	**52**	**504**	**5**	**143**	**746**
Net investment hedges						
Currency	0	0	0	0	0	0
Cross-currency	1	1	59	3	0	59
Total net investment hedges	**1**	**1**	**59**	**3**	**0**	**59**
Held for trading						
Interest rate	0	0	0	0	0	0
Currency	0	0	0	0	0	0
Cross-currency	0	0	0	0	0	0
Total held for trading	**0**	**0**	**0**	**0**	**0**	**0**
Total	**111**	**71**	**1,952**	**89**	**158**	**1,518**

31 Deferred taxes

Deferred tax by type of temporary difference	2012	2011
Million CHF		
Deferred tax assets		
Property, plant and equipment	30	19
Intangible and other long-term assets	13	26
Provisions	250	199
Tax losses carryforward	653	595
Other	319	291
Total	**1,264**	**1,129**
Deferred tax liabilities		
Property, plant and equipment	2,348	2,348
Intangible and other long-term assets	218	254
Provisions	4	3
Other	96	96
Total	**2,667**	**2,701**
Deferred tax liabilities net	**1,403**	**1,571**
Reflected in the statement of financial position as follows:		
Deferred tax assets	(417)	(490)
Deferred tax liabilities	1,820	2,061
Deferred tax liabilities net	**1,403**	**1,571**

Temporary differences for which no deferred tax is recognized

Million CHF	2012	2011
On unremitted earnings of subsidiary companies (taxable temporary difference)	1,002	1,946
On tax losses carryforward (deductible temporary difference)	2,230	1,488

Tax losses carryforward

	Loss carry-forwards 2012	Tax effect 2012	Loss carry-forwards 2011	Tax effect 2011
Million CHF				
Total tax losses carryforward	**4,424**	**1,214**	**3,527**	**1,013**
Of which reflected in deferred taxes	(2,194)	(653)	(2,039)	(595)
Total tax losses carryforward not recognized	**2,230**	**561**	**1,488**	**418**
Expiring as follows:				
1 year	7	1	1	0
2 years	4	1	14	4
3 years	18	4	21	4
4 years	14	3	8	2
5 years	13	3	19	4
Thereafter	2,175	549	1,425	403

32 Provisions

Million CHF	Site restoration and other environmental provisions	Specific business risks	Other provisions	Total 2012	Total 2011
January 1	**757**	**194**	**472**	**1,423**	**1,379**
Change in structure			(6)	(6)	68
Provisions recognized	119	97	280	496	328
Provisions used during the year	(55)	(52)	(252)	(360)	(260)
Provisions reversed during the year	(10)	(24)	(75)	(109)	(128)
Unwinding of discount and discount rate changes	44	0	0	45	73
Currency translation effects	(12)	(5)	(11)	(28)	(36)
December 31	**843**	**210**	**408**	**1,461**	**1,423**
Of which short-term provisions	78	59	162	299	242
Of which long-term provisions	765	151	246	1,162	1,181

Site restoration and other environmental provisions represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of these provisions 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. In 2012, it included several provisions for risks related to direct and indirect taxes of CHF 51 million (2011: 32) and a provision of CHF 20 million (2011: 20) related to the German antitrust investigation set up in 2002. Total provisions for litigations amounted to CHF 125 million (2011: 130) on 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 85 million (2011: 64) on 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 these items is extremely manifold and comprises, as of December 31, among other things: provisions related to sales and other taxes of CHF 76 million (2011: 58), provisions for various severance payments to employees of CHF 69 million (2011: 58), provisions for performance related compensation payments of CHF 56 million (2011: 43), provisions for contingent liabilities arising from business combinations of CHF 32 million (2011: 52) and provisions for health insurance and pension schemes, which do not qualify as benefit obligations, of CHF 11 million (2011: 23). The expected timing of the future cash outflows is uncertain.

33 Employee benefits

Personnel expenses	2012	2011
Million CHF		
Production and distribution	2,729	2,641
Marketing and sales	415	395
Administration	879	823
Total	**4,023**	**3,859**

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function in the consolidated statement of income and amounted to CHF 4,023 million (2011: 3,859). As of December 31, 2012, the Group employed 78,103 people (2011: 80,967).

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 benefit plans

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 statements of financial position of the respective Group companies.

The following table reconciles the funded, partially funded and unfunded status of defined benefit pension plans and other post-employment benefit plans to the amounts recognized in the statement of financial position.

Reconciliation of retirement benefit plans to the statement of financial position

Million CHF	2012	2011
Net liability arising from defined benefit pension plans	146	175
Net liability arising from other post-employment benefit plans	67	69
Net liability	**213**	**244**
Reflected in the statement of financial position as follows:		
Other long-term assets	(92)	(41)
Defined benefit obligations	305	285
Net liability	**213**	**244**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2012	2011	2012	2011
Present value of funded obligations	**3,203**	**3,026**	**0**	**0**
Fair value of plan assets	(2,630)	(2,469)	0	0
Plan deficit of funded obligations	**573**	**557**	**0**	**0**
Present value of unfunded obligations	**263**	**225**	**82**	**89**
Unrecognized actuarial losses	(681)	(599)	(15)	(20)
Unrecognized past service costs	(10)	(8)	0	0
Unrecognized plan assets	1	0	0	0
Net liability from funded and unfunded plans	**146**	**175**	**67**	**69**
Amounts recognized in the statement of income are as follows:				
Current service costs	85	72	2	1
Interest expense on obligations	123	125	3	4
Expected return on plan assets	(119)	(129)	0	0
Amortization of actuarial losses	29	17	0	0
Past service costs	(36)	6	0	0
Losses on curtailments and settlements	0	2	0	0
Limit of asset ceiling	1	(1)	0	0
Others	0	(4)	0	0
Total (included in personnel expenses)	**83**	**88**	**5**	**5**
Actual return on plan assets	**205**	**39**	**0**	**0**
Present value of funded and unfunded obligations				
Opening balance as per January 1	3,251	3,011	89	83
Current service costs	85	72	2	1
Employees' contributions	21	20	0	0
Interest expense	123	125	3	4
Actuarial losses (gains)	205	143	(5)	6
Currency translation effects	(3)	0	(2)	0
Benefits paid	(183)	(150)	(5)	(5)
Past service costs	(34)	8	0	0
Change in structure	5	34	0	0
Curtailments	(1)	0	0	0
Settlements	(3)	(12)	0	0
Closing balance as per December 31	**3,466**	**3,251**	**82**	**89**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2012	2011	2012	2011
Fair value of plan assets				
Opening balance as per January 1	2,469	2,405	0	0
Expected return on plan assets	119	129	0	0
Actuarial gains (losses)	86	(89)	0	0
Currency translation effects	3	(10)	0	0
Contribution by the employer	101	110	5	5
Contribution by the employees	21	20	0	0
Benefits paid	(168)	(130)	(5)	(5)
Change in structure	1	45	0	0
Settlements	(2)	(10)	0	0
Closing balance as per December 31	**2,630**	**2,469**	**0**	**0**
Plan assets consist of:				
Equity instruments of Holcim Ltd or subsidiaries	1	1	0	0
Equity instruments of third parties	983	877	0	0
Debt instruments of Holcim Ltd or subsidiaries	31	24	0	0
Debt instruments of third parties	603	591	0	0
Land and buildings occupied or used by third parties	369	364	0	0
Other	643	613	0	0
Total fair value of plan assets	**2,630**	**2,469**	**0**	**0**
Principal actuarial assumptions used at the end of the reporting period (weighted average)				
Discount rate	3.3%	3.8%	3.6%	4.2%
Expected return on plan assets	4.5%	4.8%		
Future salary increases	2.7%	2.7%		
Medical cost trend rate			7.1%	7.2%

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	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Present value of defined benefit obligation	3,466	3,251	3,011	3,028	2,731	82	89	83	89	95
Fair value of plan assets	(2,630)	(2,469)	(2,405)	(2,541)	(2,375)	0	0	0	0	0
Deficit	**836**	**782**	**606**	**487**	**356**	**82**	**89**	**83**	**89**	**95**
Experience adjustments:										
On plan liabilities	9	(19)	(33)	0	24	(9)	0	(3)	(6)	(3)
On plan assets	86	(89)	(86)	73	(341)	0	0	0	0	0

A 1 percentage point change in the assumed medical cost trend rate would have no material effect on the current service and interest cost components as well as on the accumulated post-employment benefit obligations for medical cost.

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period are CHF 99 million (2011: 105).

34 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 2.5 million in 2012 (2011: 1.7).

Share plan for management of Group companies

Part of the variable, performance-related compensation for management of Group companies 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 three years. The total expense arising from this share plan amounted to CHF 6.5 million in 2012 (2011: 6.5).

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 nor pledged by the employee for the next five years. The total expense arising from these share plans amounted to CHF 0.6 million in 2012 (2011: 1.9).

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, the ones, which are granted as part of the annual variable compensation and those, which are allotted to the Executive Committee upon appointment. 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 page 108).

The contractual term of the first type of option plan is eight years, with immediate vesting but exercise restrictions for a period of three years following the grant date.

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, with sale and pledge restrictions.

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] 2012	Number[1] 2011
January 1	**CHF 64.98**	**1,467,222**	**1,250,359**
Granted and vested (individual component of variable compensation)	CHF 58.50	179,894	149,763
Granted and vested (single allotment)	CHF 71.50	33,550	67,100
Forfeited		0	0
Exercised	CHF 62.07	130,535	0
Lapsed		0	0
December 31	**CHF 66.75**	**1,550,131**	**1,467,222**
Of which exercisable at the end of the year		786,893	331,004

[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] 2012	Number[1] 2011
2002	2014	CHF 67.15	201,300	201,300
2003	2012[2]			45,910
2003	2015[2]	CHF 67.15[3]	33,550	33,550
2004	2013[2]	CHF 63.35	34,341	34,341
2004	2016[2]	CHF 67.15[3]	33,550	33,550
2005	2014[2]	CHF 74.54	71,423	71,423
2006	2014	CHF 100.69	58,573	58,573
2007	2015	CHF 125.34	49,674	49,674
2008	2016	CHF 104.34	71,083	71,083
2008	2020	CHF 67.15[3]	67,100	67,100
2009	2017	CHF 38.26	300,499	385,124
2010	2018	CHF 71.15	131,631	131,631
2010	2022	CHF 75.40	33,550	33,550
2010	2022	CHF 81.45	33,550	33,550
2011	2019	CHF 67.15	149,763	149,763
2011	2023	CHF 71.50	67,100	67,100
2012	2020	CHF 58.50	179,894	
2012	2024	CHF 71.50	33,550	
Total			**1,550,131**	**1,467,222**

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

In 2012, options exercised resulted in 130,535 shares being issued at an exercise price of CHF 62.07. In 2011 no options were exercised.

The fair value of options granted for the year 2012 using the Black Scholes valuation model is CHF 19.54 (2011: 13.45). The significant inputs into the model are the share price and an exercise price of CHF 71.90 (2011: 58.50) at the date of grant, an expected volatility of 33.3 percent (2011: 32.9), an expected option life of 6 years (2011: 6), a dividend yield of 1.39 percent (2011: 2.6) and an annual risk-free interest rate of 0.3 percent (2011: 0.3). 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 derived from treasury shares. The total personnel expense arising from the grant of options based on the individual component of variable compensation amounted to CHF 2.0 million in 2012 (2011: 2.4).

35 Construction contracts

Million CHF	2012	2011
Contract revenue recognized during the year	**1,103**	**1,118**
Contract costs incurred and recognized profits (less recognized losses) to date	2,326	2,365
Progress billings to date	(2,321)	(2,366)
Due from (to) contract customers at the end of the reporting period	**5**	**(1)**
Of which:		
Due from customers for contract work	27	33
Due to customers for contract work	(22)	(34)

36 Details of shares

Number of registered shares

December 31	2012	2011
Total outstanding shares	**325,349,838**	**319,816,295**
Treasury shares		
Reserved for convertible bonds	0	5,785,824
Reserved for call options	1,550,131	1,467,222
Unreserved	186,407	17,035
Total treasury shares	**1,736,538**	**7,270,081**
Total issued shares	**327,086,376**	**327,086,376**
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	**328,508,726**	**328,508,726**

The par value per share is CHF 2. The share capital amounts to nominal CHF 654 million (2011: 654) and the treasury shares amount to CHF 114 million (2011: 486).

On March 27, 2012, Holcim Ltd sold 5 million treasury shares at a price of CHF 59.25 per share. The proceeds of CHF 296 million were used for general corporate purposes.

37 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. 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.

At December 31, 2012, the Group's contingencies amounted to CHF 852 million (2011: 406), which included contingencies of CHF 386 million (2011: 0) from two Indian Holcim Group companies. It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Competition Commission of India issued an Order dated June 20, 2012, imposing a penalty of CHF 386 million on two Indian Holcim Group companies concerning an alleged breach of competition law by certain cement manufacturers in India. The two Indian Holcim Group companies contest the allegation and have filed an appeal against the Order before the appropriate authority, which is pending a decision. Based on the advice of external legal counsel, Holcim believes that it has good grounds for appeal. Accordingly, no provision has been recognized in the statement of financial position.

There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

Guarantees

At December 31, 2012, guarantees issued to third parties and associates in the ordinary course of business amounted to CHF 429 million (2011: 721).

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, 2012, the Group's commitments amounted to CHF 1,461 million (2011: 1,210), of which CHF 883 million (2011: 558) related to the purchase of property, plant and equipment.

38 Monetary net current assets by currency

Million CHF	Cash and marketable securities	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities	Total 2012	Total 2011
CHF	300	110	79	1,209	146	(1,024)	(252)
USD	530	379	311	762	342	(506)	(31)
EUR	240	574	407	535	402	(530)	(819)
AUD	49	378	151	357	256	(337)	(646)
GBP	99	247	340	64	167	(225)	(161)
BRL	106	61	53	7	25	82	17
CAD	27	183	164	277	115	(346)	(51)
IDR	48	67	62	0	48	5	29
INR	1,172	126	173	59	648	418	300
MAD	161	80	87	87	16	51	44
MXN	13	120	109	44	37	(57)	(182)
Others	400	392	381	198	280	(67)	(273)
Total	**3,146**	**2,717**	**2,316**	**3,599**	**2,484**	**(2,536)**	**(2,025)**

39 Cash flow used in investing activities

Million CHF	2012	2011
Purchase of property, plant and equipment net		
Replacements	(925)	(890)
Proceeds from sale of property, plant and equipment	120	138
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(805)**	**(752)**
Expansion investments	(814)	(886)
Total purchase of property, plant and equipment net (A)	**(1,620)**	**(1,638)**
Acquisition of participation in Group companies (net of cash and cash equivalents acquired)[1]	**(2)**	**(137)**
Disposal of participation in Group companies (net of cash and cash equivalents disposed of)[1]	**239**	**5**
Purchase of financial assets, intangible and other assets		
Increase in financial investments including associates	(16)	(137)
Increase in other financial assets, intangible and other assets	(170)	(105)
Total purchase of financial assets, intangible and other assets	**(186)**	**(242)**
Disposal of financial assets, intangible and other assets		
Decrease in financial investments including associates	157	32
Decrease in other financial assets, intangible and other assets	177	189
Total disposal of financial assets, intangible and other assets	**334**	**221**
Total disposal (purchase) of financial assets, intangible and other assets and businesses net (B)	**385**	**(154)**
Total cash flow used in investing activities (A + B)	**(1,235)**	**(1,791)**

[1] Including goodwill.

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
Million CHF	2012	2011	2012	2011
Current assets	0	(131)	41	20
Property, plant and equipment	0	(424)	65	9
Other assets	(1)	(55)	24	6
Current liabilities	0	123	(37)	(24)
Long-term provisions	0	69	(6)	(1)
Other long-term liabilities	0	107	(2)	0
Net assets	**(1)**	**(311)**	**84**	**10**
Non-controlling interest	0	29	0	(6)
Net assets (acquired) disposed	**(1)**	**(282)**	**84**	**4**
Goodwill (acquired) disposed	(1)	(79)	24	2
Fair value of previously held (retained) equity interest	0	127	(6)	(6)
Net gain on disposals	0	0	150	3
Total (purchase) disposal consideration	**(2)**	**(234)**	**251**	**3**
Acquired (disposed) cash and cash equivalents	0	38	(12)	(2)
Contingent consideration	0	0	0	0
Payables and loan notes	0	59	0	4
Net cash flow	**(2)**	**(137)**	**239**	**5**

40 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2012, 13 non-executive members of the Board of Directors received a total remuneration of CHF 3.3 million (2011: 3.1) in the form of short-term employee benefits of CHF 2.1 million (2011: 2.0), post-employment benefits of CHF 0.1 million (2011: 0.1), share-based payments of CHF 0.9 million (2011: 0.9) and other compensation of CHF 0.2 million (2011: 0.2).

Senior management

The total annual compensation for the 15 members of senior management (including CEO) amounted to CHF 30.3 million (2011: 31.6). This amount comprises of base salary and variable cash compensation of CHF 16.7 million (2011: 18.2), share-based compensations of CHF 4.3 million (2011: 4.4), employer contributions to pension plans of CHF 6.3 million (2011: 5.1) and "Others" compensation of CHF 3.0 million (2011: 4.0) which includes, according to the rules of SIX Swiss Exchange, the contributions from the Holcim International Pension Trust for the additional financing of retirement benefits in the amount of CHF 0.9 million (2011: 3.6). The CEO received a base salary plus variable compensation in cash of CHF 2.2 million (2011: 2.6), share based compensation of CHF 0.8 million (2011: 0.8), and employer contributions to pension benefits of CHF 0.5 million (2011: 0.4). The CEO's total compensation, in accordance with the rules of SIX Swiss Exchange, amounted to CHF 5.0 million (2011: 5.7). 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 employer's 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 for former members of governing bodies

In the year under review, compensation in the amount of CHF 9.2 million (2011: 4.2) was paid to nine (2011: five) former members of senior management. The total compensation in 2012 includes social security contributions of CHF 2.2 million which were settled in 2012 and related to contributions out of the Holcim International Pension Trust disclosed in the years 2008 to 2011, as net amounts. No (2011: one) former member of the Board of Directors received a compensation in the year under review.

Loans

As at December 31, 2012, and December 31, 2011, there were no loans outstanding, to members of the Board of Directors and members of senior management.

Compensation Board of Directors/senior management[1]

Name	Position		Base Salary Cash	Base Salary Shares[2]
Rolf Soiron	Chairman, Chairman of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	595,680	80,000
Beat Hess	Deputy Chairman, Member of the Nomination & Compensation Committee since August 13, 2012, Member of the Governance & Strategy Commitee since January 1, 2013	Number		1,144
		CHF	270,000	80,000
Erich Hunziker	Deputy Chairman, Chairman of the Nomination & Compensation Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	300,000	80,000
Markus Akermann	Member of the Board of Directors, Executive Member of the Board until January 31, 2012	Number		858
		CHF	60,000	60,000
Christine Binswanger	Member of the Board of Directors	Number		1,144
		CHF	80,000	80,000
Alexander Gut	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Peter Küpfer	Member of the Board of Directors, Chairman of the Audit Committee	Number		1,144
		CHF	180,000	80,000
Adrian Loader	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,144
		CHF	100,000	80,000
Andreas von Planta	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Wolfgang Reitzle	Member of the Board of Directors since April 17, 2012	Number		763
		CHF	53,334	53,333
Thomas Schmidheiny	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,144
		CHF	130,800[5]	80,000
Wolfgang Schürer	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee until April 17, 2012	Number		381
		CHF	33,333	26,667
Dieter Spälti	Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	110,000	80,000
Total Board of Directors		**Number**		**13,442**
(non-executive members)		**CHF**	**2,133,147**	**940,000**
Markus Akermann	CEO until January 31, 2012	Number		
		CHF	555,875	
Bernard Fontana[7]	CEO since February 1, 2012	Number		
		CHF	1,750,000	
Variable compensation in percentage of base salary[7]				
Total senior management[9]		**Number**		
		CHF	**14,516,201**	
Variable compensation in percentage of base salary				

[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 in note 34 "Share compensation plans".

[2] The shares were valued at the average market price in the period from January 1, 2013 to February 15, 2013, and are subject to a five-year sale and pledge restriction period.

[3] Value of the options according to the Black Scholes model at the time of allocation.

Variable Compensation			Other compensation		Total	Total
Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others[4]	compensation 2012	compensation 2011
			32,891	50,000	758,571	758,571
			16,984	10,000	376,984	292,457
			8,229	10,000	398,229	314,896
			2,297	7,500	129,797	
			7,199	10,000	177,199	177,199
			7,461	10,000	207,461	118,219
			11,484	10,000	281,484	281,484
				10,000	190,000	181,667
			8,744	10,000	208,744	291,988
			2,747	6,667	116,081	
			8,085	10,000	228,885	228,431
			4,363	3,333	67,696	198,012
			8,744	10,000	208,744	208,744
			119,228	**157,500**	**3,349,875**	**3,051,668**[6]
	1,674	6,308				
120,153	117,059	123,251	152,225	6,498	1,075,061	5,652,477
	5,489	21,752				
404,407	383,783	425,042	500,964	1,486,298[8]	4,950,494	
	69.3%					
	32,790	**102,788**				
2,150,586	**2,292,780**	**2,008,455**	**6,335,424**	**3,009,168**	**30,312,614**	**31,573,509**
	44.4%					

[4] In line with the rules of SIX Swiss Exchange, these amounts include primarily the contributions from the Holcim International Pension Trust in the amount of CHF 0.9 million (2011: 3.6), which do not affect the statement of income of the Group in the year under review.
[5] Including director's fees from subsidiary companies.
[6] The total compensation of the Board of Directors in 2011 amounted to CHF 3,127,296 and included the compensation of a Board member leaving in 2011.
[7] Member of senior management receiving the highest compensation.
[8] Mainly including compensation for forfeited stock options from former employer.
[9] Including CEO.

Shares and options owned by members of the Board of Directors and senior management

The tables show the number of shares and options held by members of the Board of Directors and senior management as of December 31, 2012, and December 31, 2011, respectively.

Board of Directors[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	38,370	
Beat Hess	Deputy Chairman	2,371	
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	12,407	
Markus Akermann[2]	Member	79,393	310,905[3]
Christine Binswanger	Member	5,417	
Alexander Gut	Member	1,770	
Peter Küpfer	Member, Audit Committee Chairman	12,406	37,000[4] 31,000[5]
Adrian Loader	Member	8,171	
Andreas von Planta	Member	12,165	
Wolfgang Reitzle	Member	300	
Thomas Schmidheiny	Member	65,775,590	
Dieter Spälti	Member	32,886	
Total Board of Directors		**65,981,246**	**378,905**

Board of Directors[1]

Name	Position	Total number of shares 2011	Total number of call options 2011
Rolf Soiron	Chairman	36,879	
Beat Hess	Deputy Chairman	880	
Erich Hunziker	Deputy Chairman, Governance, Nomination & Compensation Committee Chairman	10,916	
Markus Akermann[6]	Executive Member		
Christine Binswanger	Member	3,926	
Alexander Gut	Member	900	
Peter Küpfer	Member, Audit Committee Chairman	10,915	37,000[4] 31,000[5]
Adrian Loader	Member	6,680	
Andreas von Planta	Member	10,674	
Thomas Schmidheiny	Member	65,774,099	
Wolfgang Schürer	Member	43,620	
Dieter Spälti	Member	30,966	
Total Board of Directors		**65,930,455**	**68,000**

[1] From allocation, shares are subject to a five-year sale and pledge restriction period.
[2] Markus Akermann is a non-executive member since February 1, 2012.
[3] Including 20,000 options (not related to compensation), exercise price: CHF 56, Ratio: 1:1, Style: American, Maturity: 18.3.2013.
[4] Exercise price: CHF 70; Ratio 1:1; Style: American; Maturity: 19.8.2014.
[5] Exercise price: CHF 80; Ratio 1:1; Style: American; Maturity: 12.11.2013.
[6] In Annual Report 2011 disclosed under senior management.

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.

Senior management[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Bernard Fontana	CEO		33,550
Thomas Aebischer	Member of the Executive Committee, CFO	6,116	46,995
Paul Hugentobler	Member of the Executive Committee	78,495	134,515
Roland Köhler	Member of the Executive Committee, CEO HGRS[2]	12,022	81,194
Andreas Leu	Member of the Executive Committee	13,133	59,784
Bernard Terver	Member of the Executive Committee[3] Area Manager[2]	17,762	28,894
Ian Thackwray	Member of the Executive Committee	5,527	59,642
Horia Adrian	Area Manager[3]	1,359	
Javier de Benito	Area Manager	21,966	25,201
Urs Fankhauser	Area Manager	4,810	4,491
Aidan Lynam	Area Manager	5,606	9,299
Onne van der Weijde	Area Manager	1,836	
Kaspar E.A. Wenger	Area Manager[3]	19,257	
Urs Bleisch	Corporate Functional Manager[3], CEO HTS[3]	2,837	
Jacques Bourgon	Corporate Functional Manager	6,141	25,022
Total senior management		**196,867**	**508,587**

Senior management[1]

Name	Position	Total number of shares 2011	Total number of call options 2011
Markus Akermann	Executive Member of the Board of Directors, CEO	93,996	290,096
Thomas Aebischer	Member of the Executive Committee, CFO	3,417	33,550
Urs Böhlen	Member of the Executive Committee	18,227	82,319
Patrick Dolberg	Member of the Executive Committee	12,789	66,619
Paul Hugentobler	Member of the Executive Committee	75,796	119,769
Benoît-H. Koch	Member of the Executive Committee	19,383	104,763
Roland Köhler	Member of the Executive Committee, CEO HGRS	9,323	65,581
Andreas Leu	Member of the Executive Committee	10,434	46,773
Ian Thackwray	Member of the Executive Committee	2,828	45,786
Javier de Benito	Area Manager	19,123	21,855
Urs Fankhauser	Area Manager	3,319	
Aidan Lynam	Area Manager	2,625	3,675
Bernard Terver	Area Manager	19,262	23,600
Jacques Bourgon	Corporate Functional Manager	6,302	19,996
Total senior management		**296,824**	**924,382**

[1] From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.
[2] Until August 31, 2012.
[3] Since September 1, 2012.

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. It sells and purchases Holcim Ltd shares to and from employees and on the open market. In this context, the company purchased Holcim Ltd shares of CHF 0.7 million (2011: 2.1) at the 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.

41 Events after the reporting period

There were no significant events after the reporting period.

42 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 25, 2013, and are subject to shareholder approval at the annual general meeting of shareholders scheduled for April 17, 2013.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Asia Pacific	ACC Limited	India	INR	1,879,518	50.3%
	Ambuja Cements Ltd.	India	INR	3,084,368	50.6%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,457,771	98.9%
	Holcim Cements (Bangladesh) Ltd.	Bangladesh	BDT	8,824	74.2%
	Siam City Cement Public Company Limited[1]	Thailand	THB	2,300,000	27.5%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Pte. Ltd	Singapore	SGD	44,322	90.8%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	80.6%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim Philippines Inc.	Philippines	PHP	6,452,099	85.7%
	Cement Australia Holdings Pty Ltd	Australia	AUD	390,740	75.0%
	Holcim (Australia) Holdings Pty Ltd	Australia	AUD	1,145,867	100.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	10,513,086	100.0%
	Holcim El Salvador S.A. de C.V.	El Salvador	USD	78,178	95.0%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,577,370	60.0%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.2%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Holcim (Argentina) S.A.	Argentina	ARS	352,057	79.6%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%
Europe	Holcim (France) S.A.S.	France	EUR	96,971	100.0%
	Holcim (Belgique) S.A.	Belgium	EUR	750,767	100.0%
	Holcim (España) S.A.	Spain	EUR	745,902	99.9%
	Holcim Trading S.A.	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	0	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	99.7%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	71,100	100.0%
	Holcim Group Support Ltd	Switzerland	CHF	1,000	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	115,103	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	EUR	42,346	98.0%
	Východoslovenské stavebné hmoty a.s.	Slovakia	EUR	362	100.0%
	Holcim Hungária Zrt.	Hungary	HUF	3,171,066	99.9%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	243,852	99.9%
	Holcim (Serbia) d.o.o.	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%
	Holcim (Rus) OAO	Russia	RUB	24,893	88.8%
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	AZN	31,813	69.8%

[1] Joint venture, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
North America	Holcim (US) Inc.	USA	USD	0	100.0%
	Aggregate Industries Management Inc.	USA	USD	194,058	100.0%
	Holcim (Canada) Inc.	Canada	CAD	91,201	100.0%
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%
	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%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2012 in local currency		Security code number
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	268,639 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	309,868 million	INE079A01024
	Siam City Cement Public Company Limited	Bangkok	Bangkok	THB	96,600 million	TH0021010Z14
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	22,222,410 million	ID1000072309
	Holcim Philippines Inc.	Manila	Manila	PHP	90,329 million	PHY3232G1014
Latin America	Holcim (Costa Rica) S.A.	San José	San José	CRC	163,477 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,331 million	ECP516721068
	Holcim (Argentina) S.A.	Buenos Aires	Buenos Aires	ARS	1,370 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	107,071 million	CLP2216J1070
Europe	Holcim (Deutschland) AG	Hamburg	Frankfurt	EUR	396 million	DE0005259006
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	8,315 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	307 million	LB0000012833

Principal finance and holding companies

Company	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd[1]	Switzerland	CHF	654,173	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	505,581	100.0%
Holcibel S.A.	Belgium	EUR	976,000	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 México, S.A. de C.V.	Mexico	MXN	50	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	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.	Luxembourg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	56,903,850	100.0%
Holcim Investments (France) SAS	France	EUR	15,551	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	141,857	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 US Finance S.à r.l. & Cie S.C.S.	Luxembourg	USD	20	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%

[1] Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona

Principal associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.9%
Africa Middle East	Lafarge Cement Egypt S.A.E.	Egypt	43.7%
	United Cement Company of Nigeria Ltd	Nigeria	35.9%

To the General Meeting of Holcim Ltd, Jona

Zurich, February 25, 2013

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 statement of comprehensive earnings, consolidated statement of financial position, statement of changes in consolidated equity, consolidated statement of cash flows and notes on pages 131 to 199 for the year ended December 31, 2012.

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, 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, 2012, 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

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Principal companies of the Holcim Group

ACC Limited, India

Chief Executive:	Kuldip K. Kaura
Personnel:	14,740
Production capacity:	30.1 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	■
Kudithini grinding plant	■
Sindri grinding plant	■
Thondebhavi grinding plant	■
Tikaria grinding plant	■
Ready-mix concrete operations	▲

Ambuja Cements Ltd., India

Chief Executive:	Ajay Kapur
Personnel:	8,558
Production capacity:	30.4 million t of cement
Ambujanagar plants	■
Bhatapara plants	■
Darlaghat plants	■
Maratha plant	■
Rabriyawas plant	■
Bhatinda grinding plant	■
Dadri grinding plant	■
Farakka grinding plant	■
Nalagarh grinding plant	■
Roorkee grinding plant	■
Ropar grinding plant	■
Sankrail grinding plant	■
Surat grinding plant	■

Holcim (Lanka) Ltd, Sri Lanka

Chief Executive:	Stefan Huber
Personnel:	666
Production capacity:	1.6 million t of cement
Palavi plant	■
Ruhunu grinding plant	■

Holcim Cements (Bangladesh) Ltd., Bangladesh

Chief Executive:	Rajnish Kapur
Personnel:	662
Production capacity:	1.2 million t of cement
Menghnaghat grinding plant	■
Mongla grinding plant	■

Siam City Cement Public Company Limited, Thailand

Chief Executive:	Philippe Arto
Personnel:	3,488
Production capacity:	16.5 million t of cement
Saraburi plants	■
Shareholdings:	
Conwood Co. Ltd.	▲
Siam City Concrete Co. Ltd.	▲

Holcim (Malaysia) Sdn Bhd, Malaysia

Chief Executive:	Mahanama Ralapanawa
Personnel:	258
Production capacity:	1.2 million t of cement
Pasir Gudang grinding plant	■
Ready-mix concrete operations	▲
Shareholding:	
Geocycle Malaysia Sdn Bhd	■

Holcim (Singapore) Pte. Ltd, Singapore

Chief Executive:	Sujit Ghosh
Personnel:	257
Ready-mix concrete operations	▲
Shareholding:	
Ecowise Material Pte Ltd.	▲

■ Cement
● Aggregates
▲ Other construction materials and services

PT Holcim Indonesia Tbk., Indonesia

Chief Executive:	Eamon Ginley		
Personnel:	2,826		
Production capacity:	8.2 million t of cement		
Cilacap plant	■		
Narogong plant	■		
Ciwandan grinding plant	■		
Shareholdings:			
Holcim (Malaysia) Sdn Bhd	■		▲
PT Holcim Beton		●	▲
PT Wahana Transtama	■		

Holcim (Vietnam) Ltd, Vietnam

Chief Executive:	Gary Schütz		
Personnel:	1,530		
Production capacity:	5.2 million t of cement		
Hon Chong plant	■		
Cat Lai grinding plant	■		
Hiep Phuoc grinding plant	■		
Thi Vai grinding plant	■		
Ready-mix concrete operations			▲

Holcim Philippines Inc., Philippines

Chief Executive:	Eduardo A. Sahagun		
Personnel:	1,639		
Production capacity:	9.1 million t of cement		
Bulacan plant	■		
Davao plant	■		
La Union plant	■		
Lugait plant	■		
Mabini grinding plant	■		
Ready-mix concrete operations			▲
Shareholding:			
Trans Asia Power Corporation	■		

Cement Australia Holdings Pty Ltd and Cement Australia Partnership, Australia

Chief Executive:	Rob Davies		
Personnel:	1,116		
Production capacity:	4.2 million t of cement		
Gladstone plant	■		
Railton plant	■		
Bulwer Island grinding plant	■		
Shareholdings:			
Australian Steel Mill Services Pty			▲
Cement Australia Packaged Products Pty Ltd.	■		
Ecocem Pty Ltd.			▲
Pozzolanic Industries Pty Ltd.			▲
The Cornwall Coal Mining Company Pty Ltd.			▲

Holcim (Australia) Holdings Pty Ltd, Australia

Chief Executive:	Mark Campbell		
Personnel:	3,503		
Aggregates operations		●	
Ready-mix concrete operations			▲
Concrete products operations			▲
Shareholdings:			
Broadway & Frame Premix Concrete Pty Ltd			▲
Excel Concrete Pty Ltd			▲

Holcim (New Zealand) Ltd, New Zealand

Chief Executive:	Jeremy Smith		
Personnel:	578		
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		●	

Holcim Apasco S.A. de C.V., Mexico

Chief Executive:	Eduardo Kretschmer
Personnel:	3,733
Production capacity:	12.2 million t of cement
Acapulco plant	■
Apaxco plant	■
Hermosillo 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.	▲
Ecoltec S.A. de C.V.	■
Gravasa S.A. de C.V.	●

Holcim El Salvador S.A. de C.V., El Salvador

Chief Executive:	Ricardo A. Chavez Caparroso
Personnel:	669
Production capacity:	1.7 million t of cement
El Ronco plant	■
Maya plant	■
Shareholdings:	
Geocycle S.A. de C.V.	■
Holcim Concretos S.A. de C.V.	▲
Agresal S.A. de C.V.	●

Holcim (Costa Rica) S.A., Costa Rica

Chief Executive:	Manrique Arrea
Personnel:	584
Production capacity:	1.5 million t of cement
Cartago plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Hidroeléctrica Aguas Zarcas S.A.	▲
Servicios Ambientales Geocycle SAG, S.A.	■

Holcim (Nicaragua) S.A., Nicaragua

Chief Executive:	Dolores Prado
Personnel:	158
Production capacity:	0.3 million t of cement
Nagarote grinding plant	■
Aggregates operation	●
Ready-mix concrete operations	▲

Holcim (Colombia) S.A., Colombia

Chief Executive:	Miguel Angel Rubalcava
Personnel:	953
Production capacity:	2.1 million t of cement
Nobsa plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholding:	
Eco-procesamiento Ltda	■

Holcim (Ecuador) S.A., Ecuador

Chief Executive:	Rodolfo Montero
Personnel:	1,163
Production capacity:	5.5 million t of cement
Guayaquil plant	■
Latacunga grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲

Holcim (Brasil) S.A., Brazil

Chief Executive:	Otmar Hübscher
Personnel:	1,819
Production capacity:	5.3 million t of cement
Barroso plant	■
Cantagalo plant	■
Pedro Leopoldo plant	■
Sorocaba grinding plant	■
Vitória grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲

■ Cement
● Aggregates
▲ Other construction materials and services

Holcim (Argentina) S.A., Argentina

Chief Executive:	José Cantillana
Personnel:	1,421
Production capacity:	4.6 million t of cement
Capdeville plant	■
Malagueño plant	■
Puesto Viejo plant	■
Campana grinding plant	■
Yocsina grinding plant	■
Aggregates operation	●
Ready-mix concrete operations	▲
Shareholding:	
Ecoblend S.A.	■

Cemento Polpaico S.A., Chile

Chief Executive:	Louis Beauchemin
Personnel:	1,252
Production capacity:	2.3 million t of cement
Cerro Blanco plant	■
Coronel grinding plant	■
Mejillones grinding plant	■
Shareholding:	
Pétreos S.A.	● ▲

Holcim (France) S.A.S., France

Chief Executive:	Gérard Letellier
Personnel:	1,916
Production capacity:	6.4 million t of cement
Altkirch plant	■
Dannes plant	■
Héming plant	■
Lumbres plant	■
Rochefort plant	■
Dunkerque grinding plant	■
Ebange grinding plant	■
Grand-Couronne grinding plant	■
Shareholdings:	
Dijon Béton S.A.	▲
Holcim Bétons (France) S.A.S.	▲
Holcim Granulats (France) S.A.S.	●

Holcim (Belgique) S.A., Belgium

Chief Executive Belgium/Netherlands:	Lukas Epple
Personnel:	1,052
Production capacity:	2.9 million t of cement
Obourg plant	■
Haccourt grinding plant	■
Shareholdings:	
Geocycle S.A.	■
Holcim Bétons (Belgique) S.A.	▲
Holcim Granulats (Belgique) S.A.	●
Holcim (Nederland) S.A.	▲

Holcim (España) S.A., Spain

Chief Executive:	Vincent Lefebvre
Personnel:	733
Production capacity:	3.9 million t of cement
Carboneras plant	■
Gádor plant	■
Jerez plant	■
Yeles plant	■
Shareholdings:	
Holcim Aridos S.L.	●
Holcim Hormigones S.A.	▲
Holcim Morteros S.A.	▲

Holcim Trading S.A., Spain

Chief Executive:	Roland van Wijnen
Personnel:	66
Seaborne clinker and cement trading and others	▲

Aggregate Industries Ltd, United Kingdom

Chief Executive:	Alain Bourguignon
Personnel:	4,581
Aggregate Industries Scotland	● ▲
Aggregate Supplies	▲
Bardon Aggregates	●
Bardon Asphalt	▲
Bardon Concrete	▲
Bardon Contracting	▲
Borderstone	▲
Bradstone	▲
Charcon	▲
Express Asphalt	▲
London Concrete	▲
Masterblock	▲
Moxon Traffic Management	▲
Paragon Materials	▲
Ronez	● ▲
Spade Oak	▲
Yeoman Aggregates	●
Yeoman Asphalt	▲
Yeoman Glensanda	●
Shareholdings:	
Aggregate Industries UK Ltd.	● ▲
Charcon Holdings Ltd	▲
Dansk Natursten A/S	●
Lytag Holdings Ltd	▲
Yeoman Baumineralien GmbH	●
Yeoman Halsvik AS	●
Yeoman Latvia SA	●
Yeoman Poland sp Zoo	●

Holcim (Deutschland) AG, Germany

Chief Executive:	Leo Mittelholzer
Personnel:	1,292
Production capacity:	3.3 million t of cement
Höver plant	■
Lägerdorf plant	■
Bremen grinding plant	■
Shareholdings:	
Holcim Beton und Zuschlagsstoffe GmbH	● ▲
Holcim Kieswerk Zeithain GmbH & Co. KG	●
Hüttensand Salzgitter GmbH & Co. KG	■
Vereinigte Transportbetonwerke GmbH & Co. KG	▲

Holcim (Süddeutschland) GmbH, Germany

Regional Chief Executive:	Kaspar Wenger
Country Manager:	Urs Kern
Personnel:	330
Production capacity:	1.1 million t of cement
Dotternhausen plant	■
Shareholding:	
Holcim Kies und Beton GmbH	● ▲

Holcim (Schweiz) AG, Switzerland

Chief Executive:	Kaspar Wenger
Personnel:	1,200
Production capacity:	3.4 million t of cement
Eclépens plant	■
Siggenthal plant	■
Untervaz plant	■
Shareholdings:	
Holcim BF+P SA	▲
Holcim Kies und Beton AG	● ▲

Holcim Group Support Ltd, Switzerland[1]

Personnel:	778
Management services	▲

Holcim Gruppo (Italia) S.p.A., Italy

Regional Chief Executive:	Kaspar Wenger
Country Manager:	Piero Corpina
Personnel:	526
Production capacity:	4.9 million t of cement
Merone plant	■
Ternate plant	■
Morano grinding plant	■
Ravenna grinding plant	■
Shareholdings:	
Eurofuels	■
Holcim Aggregati S.r.l.	●
Holcim Calcestruzzi S.r.l.	▲

■ Cement
● Aggregates
▲ Other construction materials and services

[1] As of January 1, 2013 Holcim Technology Ltd and Holcim Group Services Ltd.

Holcim (Česko) a.s., Czech Republic

Chief Executive:	Patrick Stapfer
Personnel:	461
Production capacity:	1.2 million t of cement
Prachovice plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Lom Klecany s.r.o	●
Transbeton Skanska s.r.o	▲
TransPlus (Česko) s.r.o	■

Holcim (Hrvatska) d.o.o., Croatia

Chief Executive:	Mario Grassl
Personnel:	315
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	●
Transplus d.o.o. Koromačno	■

Holcim (Slovensko) a.s., Slovakia

Chief Executive:	Patrick Stapfer
Personnel:	711
Production capacity:	2.2 million t of cement
Rohožník plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Holcim Wien GmbH, Austria	■
TransPlus (Slovensko) s.r.o	■

Holcim (Serbia) d.o.o., Serbia

Chief Executive:	Claudiu Soare
Personnel:	433
Production capacity:	1.4 million t of cement
Novi Popovac plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholding:	
Holcim Agregati a.d.	●

Východoslovenské stavebné hmoty a.s., Slovakia

Chief Executive:	Patrick Stapfer
Personnel:	385
Production capacity:	1.4 million t of cement
Turňa plant	■
Aggregates operations	●
Ready-mix concrete operations	▲

Holcim (Romania) S.A., Romania

Chief Executive:	Daniel Bach
Personnel:	983
Production capacity:	6.1 million t of cement
Alesd plant	■
Campulung plant	■
Turda grinding plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
AgroComp International SRL	●
Estagre SRL	●

Holcim Hungária Zrt., Hungary

Chief Executive:	Patrick Stapfer
Personnel:	278
Production capacity:	0.5 million t of cement
Lábatlan plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholding:	
VSH Trans (Hungary) Kft.	■

Holcim (Bulgaria) AD, Bulgaria

Chief Executive:	Todor Kostov
Personnel:	443
Production capacity:	1.7 million t of cement
Beli Izvor plant	■
Aggregates operations	●
Ready-mix concrete operations	▲
Shareholdings:	
Holcim Beton Plovdiv AD	▲
Holcim Karierni Materiali AD	●
Holcim Karierni Materiali Plovdiv AD	●
Holcim Karierni Materiali Rudinata AD	●

Holcim (Rus) OAO, Russia

Chief Executive:	Gustavo Navarro
Personnel:	1,606
Production capacity:	5.8 million t of cement
Shurovo plant	■
Volsk plant	■

Holcim (Azerbaijan) O.J.S.C., Azerbaijan

Chief Executive:	Raoul Waldburger
Personnel:	455
Production capacity:	2.0 million t of cement
Garadagh plant	■

Holcim (US) Inc., USA

Chief Executive:	Filiberto Ruiz
Personnel:	1,788
Production capacity:	18.7 million t of cement
Ada plant	■
Devil's Slide plant	■
Hagerstown plant	■
Holly Hill plant	■
Mason City plant	■
Midlothian plant	■
Portland plant	■
Ste. Genevieve plant	■
Theodore plant	■
Trident plant	■
Birmingham grinding plant	■
Camden grinding plant	■
Chicago grinding plant	■

Aggregate Industries Management Inc., USA

Chief Executive:	Filiberto Ruiz
Personnel:	2,412
Mid Atlantic Region	● ▲
Mid West Region	● ▲
North East Region	● ▲
Western Region	● ▲

Holcim (Canada) Inc., Canada

Chief Executive:	Paul Ostrander
Personnel:	2,936
Production capacity:	3.3 million t of cement
Joliette plant	■
Mississauga plant	■
Shareholdings:	
Demix group	● ▲
Dufferin group	● ▲

Holcim (Maroc) S.A., Morocco

Chief Executive:	Dominique Drouet
Personnel:	563
Production capacity:	5.2 million t of cement
Fès plant	■
Oujda plant	■
Settat plant	■
Nador grinding plant	■
Shareholdings:	
Ecoval	■
Holcim AOZ	■
Holcim Bétons	▲
Holcim Granulats	●

Ciments de Guinée S.A., Guinea

Chief Executive:	Jaafar Skalli
Personnel:	138
Production capacity:	0.5 million t of cement
Conakry grinding plant	■

Société de Ciments et Matériaux, Ivory Coast

Chief Executive:	Stefan Heeb
Personnel:	257
Production capacity:	0.9 million t of cement
Abidjan grinding plant	■

■ Cement
● Aggregates
▲ Other construction materials and services

Holcim (Liban) S.A.L., Lebanon

Chief Executive:	Benedikt Vonnegut
Personnel:	484
Production capacity:	2.9 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:	Vincent Bouckaert
Personnel:	541
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	●

Statement of income Holcim Ltd

Million CHF	2012	2011
Financial income	1,011.3	654.9
Other ordinary income	39.7	30.0
Total income	**1,051.0**	**684.9**
Financial expenses	(110.8)	(107.8)
Other ordinary expenses	(61.1)	(58.2)
Taxes	(7.2)	(4.1)
Total expenses	**(179.1)**	**(170.1)**
Net income	**871.9**	**514.8**

Balance sheet Holcim Ltd

Million CHF	31.12.2012	31.12.2011
Cash and cash equivalents	143.4	249.8
Accounts receivable – Group companies	23.2	19.5
Prepaid expenses and other current assets	6.5	6.6
Total current assets	**173.1**	**275.9**
Loans – Group companies	1,507.1	1,781.0
Financial investments – Group companies	18,597.7	17,873.8
Other financial investments	89.6	88.0
Total long-term assets	**20,194.4**	**19,742.8**
Total assets	**20,367.5**	**20,018.7**
Current financing liabilities – Group companies	189.6	180.0
Other current liabilities	1,025.4	333.1
Total current liabilities	**1,215.0**	**513.1**
Outstanding bonds	2,025.0	2,925.0
Total long-term liabilities	**2,025.0**	**2,925.0**
Total liabilities	**3,240.0**	**3,438.1**
Share capital	654.2	654.2
Legal reserves		
– Ordinary reserves	2,417.8	2,045.8
– Capital contribution reserves	6,514.9	6,839.9
– Reserves for treasury shares	114.3	486.3
Free reserves	6,062.8	5,562.8
Retained earnings	1,363.5	991.6
Total shareholders’ equity	**17,127.5**	**16,580.6**
Total liabilities and shareholders’ equity	**20,367.5**	**20,018.7**

Change in shareholders' equity Holcim Ltd

Million CHF	Share capital	Ordinary reserves	Capital contribution reserves	Reserves for treasury shares	Free reserves	Retained earnings	Total
Equity as at January 1, 2012	**654.2**	**2,045.8**	**6,839.9**	**486.3**	**5,562.8**	**991.6**	**16,580.6**
Capital increase							0
Decrease reserves for treasury shares		372.0		(372.0)			0
Allocation to free reserves			(325.0)		325.0		0
Payout					(325.0)		(325.0)
Allocation to free reserves					500.0	(500.0)	0
Net income of the year						871.9	871.9
Equity as at December 31, 2012	**654.2**	**2,417.8**	**6,514.9**	**114.3**	**6,062.8**	**1,363.5**	**17,127.5**

Million CHF	Share capital	Ordinary reserves	Capital contribution reserves	Reserves for treasury shares	Free reserves	Retained earnings	Total
Equity as at January 1, 2011	**654.2**	**9,375.6**	**0**	**476.1**	**4,962.8**	**1,076.8**	**16,545.5**
Capital increase							0
Increase reserves for treasury shares		(10.2)		10.2			0
Allocation to capital contribution reserves		(7,319.6)	7,319.6				0
Allocation to free reserves			(479.7)		479.7		0
Payout					(479.7)		(479.7)
Allocation to free reserves					600.0	(600.0)	0
Net income of the year						514.8	514.8
Equity as at December 31, 2011	**654.2**	**2,045.8**	**6,839.9**	**486.3**	**5,562.8**	**991.6**	**16,580.6**

Data as required under Art. 663b and c of the Swiss Code of Obligations

Contingent liabilities	31.12.2012	31.12.2011
Million CHF		
Holcim Capital Corporation Ltd.		
Guarantees in respect of holders of		
6.59% USD 165 million private placement due in 2014	173[1]	186
7.65% USD 50 million private placement due in 2031	103[1]	82
6.88% USD 250 million bonds due in 2039	252[1]	259
Holcim Capital México, S.A. de C.V.		
Guarantees in respect of holders of		
5.41% MXN 1,500 million bonds due in 2015	116[2]	0
5.52% MXN 800 million bonds due in 2016	62[2]	0
7.00% MXN 1,700 million bonds due in 2019	132[2]	0
Holcim Capital (Thailand) Ltd.		
Guarantees in respect of holders of		
6.69% THB 2,450 million bonds due in 2012	0[3]	72
3.52% THB 2,000 million bonds due in 2015	65[3]	65
Holcim Finance (Australia) Pty Ltd		
Guarantees in respect of holders of		
8.50% AUD 500 million bonds due in 2012	0[4]	478
7.00% AUD 250 million bonds due in 2015	261[4]	0
6.00% AUD 250 million bonds due in 2017	261[4]	0
5.25% AUD 200 million bonds due in 2019	209[4]	0
Holcim Finance (Belgium) S.A.		
Commercial Paper Program, guarantee based on utilization, EUR 500 million maximum	0[5]	61
Holcim Finance (Canada) Inc.		
Guarantees in respect of holders of		
6.91% CAD 10 million private placement due in 2017	12[6]	12
5.90% CAD 300 million bonds due in 2013	304[6]	304
3.65% CAD 300 million bonds due in 2018	304[6]	0
Holcim Finance (Luxembourg) S.A.		
Guarantees in respect of holders of		
4.38% EUR 600 million bonds due in 2014	797[5]	804
9.00% EUR 650 million bonds due in 2014	863[5]	871
6.35% EUR 200 million private placement due in 2017	266[5]	268
Holcim GB Finance Ltd.		
Guarantees in respect of holders of		
8.75% GBP 300 million bonds due in 2017	488[7]	479
Holcim Overseas Finance Ltd.		
Guarantees in respect of holders of		
3.00% CHF 155 million bonds due in 2013	171	171
3.38% CHF 425 million bonds due in 2021	468	468
Holcim US Finance S.à r.l. & Cie S.C.S.		
Commercial Paper Program, guarantee based on utilization, USD 1,000 million maximum	444[1]	0
Guarantees in respect of holders of		
5.96% USD 125 million private placement due in 2013	114[1]	118
6.10% USD 125 million private placement due in 2016	114[1]	118
6.21% USD 200 million private placement due in 2018	183[1]	188
5.12% EUR 90 million private placement due in 2013	120[5]	121
1.96% EUR 358 million private placement due in 2013 – early repaid	0[5]	480
1.47% EUR 202 million private placement due in 2015	268[5]	271
6.00% USD 750 million bonds due in 2019	755[1]	776
2.63% EUR 500 million bonds due in 2020	664[5]	0
Guarantees for committed credit lines, utilization CHF 0 million (2011: 898)	3,983	3,982
Other guarantees	2	614

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 0.9150.
[2] Exchange rate MXN: CHF 0.0705.
[3] Exchange rate THB: CHF 0.0297.
[4] Exchange rate AUD: CHF 0.9497.
[5] Exchange rate EUR: CHF 1.2074.
[6] Exchange rate CAD: CHF 0.9199.
[7] Exchange rate GBP: CHF 1.4789.

Issued bonds

The outstanding bonds and private placements as of December 31, 2012, are listed on pages 176 and 177.

Principal investments

The principal direct and indirect investments of Holcim Ltd are listed under the heading "Principal companies of the Holcim Group" on pages 197 to 199.

Treasury shares		Number	Price per share in CHF	Million CHF
01.01.2012	Treasury shares	7,270,081	66.90	486.3
01.01. to 31.12.2012	Purchases	284,746	55.98	16.0
01.01. to 31.12.2012	Sales	(5,818,289)	58.21	(388.0)
31.12.2012	Treasury shares	1,736,538	65.81	114.3
01.01.2011	Treasury shares	7,131,083	66.76	476.1
01.01. to 31.12.2011	Purchases	369,168	68.50	25.3
01.01. to 31.12.2011	Sales	(230,170)	75.86	(15.1)
31.12.2011	Treasury shares	7,270,081	66.90	486.3

Conditional share capital		Number	Price per share in CHF	Million CHF
01.01.2012	Conditional shares par value	1,422,350	2.00	2.8
01.01. to 31.12.2012	Movement	0	0	0
31.12.2012	Conditional shares par value	1,422,350	2.00	2.8
01.01.2011	Conditional shares par value	1,422,350	2.00	2.8
01.01. to 31.12.2011	Movement	0	0	0
31.12.2011	Conditional shares par value	1,422,350	2.00	2.8

Share interests of Board of Directors and senior management

As of December 31, 2012, the members of the Board of Directors and senior management of Holcim held directly and indirectly in the aggregate 66,178,113 registered shares (2011: 66,227,279) and no rights to acquire further registered shares and 853,942 call options on registered shares (2011: 992,382).

Important shareholders[1]

As per December 31, 2012, Thomas Schmidheiny directly and indirectly held 65,775,590 shares (20.11 percent) (2011: 65,774,099 shares or 20.10 percent)[2]. Eurocement Holding AG declared holdings of 35,402,772 shares (10.82 percent) as per December 31, 2012 (2011: 33,091,556 shares or 10.12 percent).

The information disclosed complies with Swiss legal requirements. Further information can be found in the notes to the consolidated financial statements on pages 154 to 196. 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 the section "Risk management" on pages 147 to 153 and note 40 on pages 191 to 196, respectively.

[1] Shareholding of more than 3 percent.
[2] Included in share interests of Board of Directors and senior management.

Share capital	2012		2011	
Shares	Number	Million CHF	Number	Million CHF
Registered shares of CHF 2 par value	327,086,376	654.2	327,086,376	654.2
Total	**327,086,376**	**654.2**	**327,086,376**	**654.2**

Appropriation of retained earnings	2012	2011
	Million CHF	Million CHF
Retained earnings brought forward	491.6	476.8
Net income of the year	871.9	514.8
Retained earnings available for annual general meeting of shareholders	**1,363.5**	**991.6**
The Board of Directors proposes to the annual general meeting of shareholders of April 17, 2013, in Dübendorf the following appropriation:		
Allocation to free reserves	(800.0)	(500.0)
Balance to be carried forward	**563.5**	**491.6**

Payout from capital contribution reserves

The Board of Directors proposes to the annual general meeting of shareholders an appropriation from capital contribution reserves to free reserves and payout of CHF 1.15 per registered share up to an amount of CHF 376 million[1].

	2012	2011
	Cash payout CHF	Cash payout CHF
Payout per share, gross	1.15	1.00
Less withholding tax	0	0
Payout per share, net	1.15	1.00

[1] There is no payout on treasury shares held by Holcim. On January 1, 2013, treasury holdings amounted to 1,736,538 registered shares.

To the General Meeting of Holcim Ltd, Jona

Zurich, February 25, 2013

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 210 to 215 for the year ended December 31, 2012.

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, 2012, 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 retained 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

Willy Hofstetter
Licensed Audit Expert
Auditor in charge

Elisa Alfieri
Licensed Audit Expert

5-year-review Group Holcim

		2012	2011	2010	2009	2008
Statement of income						
Net sales	million CHF	21,544	20,744	21,653	21,132	25,157
Gross profit	million CHF	8,793	8,528	9,274	9,060	11,041
Operating EBITDA	million CHF	3,984	3,958	4,513	4,630	5,333
Operating EBITDA margin	%	18.5	19.1	20.8	21.9	21.2
Operating profit	million CHF	1,816	1,933	2,619	2,781	3,360
Operating profit margin	%	8.4	9.3	12.1	13.2	13.4
EBITDA	million CHF	4,415	4,264	4,988	5,229	5,708
Depreciation, amortization and impairment	million CHF	2,178	2,367	1,934	1,858	1,985
EBIT	million CHF	2,237	2,235	3,054	3,371	3,723
Income taxes	million CHF	558	449	615	623	663
Tax rate	%	35	40	28	24	23
Net income	million CHF	1,026	682	1,621	1,958	2,226
Net income margin	%	4.8	3.3	7.5	9.3	8.8
Net income – shareholders of Holcim Ltd	million CHF	622	275	1,182	1,471	1,782
Statement of cash flows						
Cash flow from operating activities	million CHF	2,682	2,753	3,659	3,888	3,703
Cash flow margin	%	12.4	13.3	16.9	18.4	14.7
Investments in property, plant and equipment for maintenance	million CHF	805	752	410	376	1,104
Investments in property, plant and equipment for expansion	million CHF	814	886	1,182	1,929	3,287
(Disposal) Purchase of financial assets, intangible and other assets and businesses net	million CHF	(385)	154	(230)	2,125	747
Statement of financial position						
Current assets	million CHF	8,363	8,154	8,512	10,797	9,994
Long-term assets	million CHF	33,068	34,400	35,747	38,409	35,199
Total assets	million CHF	41,431	42,554	44,259	49,206	45,193
Current liabilities	million CHF	8,399	7,695	7,214	9,280	10,765
Long-term liabilities	million CHF	13,195	15,202	15,924	17,882	16,454
Total shareholders' equity	million CHF	19,837	19,656	21,121	22,044	17,974
Shareholders' equity as % of total assets		47.9	46.2	47.7	44.8	39.8
Non-controlling interest	million CHF	2,889	2,827	3,020	3,011	2,616
Net financial debt	million CHF	10,362	11,549	11,363	13,833	15,047
Capacity, sales and personnel						
Annual production capacity cement	million t	217.5	216.0	211.5	202.9	194.4
Sales of cement	million t	148.0	144.3	136.7	131.9	143.4
Sales of mineral components	million t	4.8	5.1	4.1	3.5	4.8
Sales of aggregates	million t	159.7	173.0	157.9	143.4	167.7
Sales of ready-mix concrete	million m^3	46.9	48.4	45.9	41.8	48.5
Personnel	31.12.	78,103	80,967	80,310	81,498	86,713
Financial ratios						
Return on equity[1]	%	3.7	1.6	6.4	8.6	10.4
Gearing[2]	%	52.2	58.8	53.8	62.8	83.7
Funds from operations[3]/net financial debt	%	30.9	26.4	31.3	27.6	28.0
EBITDA net interest coverage	x	7.0	4.2	6.1	7.3	7.6
EBIT net interest coverage	x	3.6	2.2	3.7	4.7	4.9
Net financial debt/EBITDA	x	2.3	2.7	2.3	2.6	2.6

[1] Excludes non-controlling interest.
[2] Net financial debt divided by total shareholders' equity.
[3] 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

General meeting of shareholders	April 17, 2013
Ex date	April 19, 2013
Payout	April 24, 2013
Results for the first quarter 2013	May 8, 2013
Half-year results 2013	August 15, 2013
Press and analyst conference for the third quarter 2013	November 5, 2013

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 is active in around 70 countries and employs more than 78,000 people.

For our centennial, employees made their mark by engaging in voluntary work in communities around our production sites.