Company Registration Number 2163844

LAFARGE PLASTERBOARD LIMITED

Report and Financial Statements

31 December 2008

LAFARGE PLASTERBOARD LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

LAFARGE PLASTERBOARD LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the manufacture and supply of plasterboard and accessories.

As shown in the company's profit and loss account on page 7, the company's sales have decreased by 0.7% in comparison to the prior year, with a loss for the financial year of £6,946,000 (2007: loss of £407,000). The gross profit ratio has fallen from 26.5% to 18.9%, mainly due to increased input costs, particularly electricity and gas.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end is, in net assets terms, slightly weaker than at the prior year end, due to the current year result. An increase in the fixed asset balance is caused by further expenditure on the Ferrybridge production site.

The difficult trading conditions in the year have led to the loss noted above; however the directors are optimistic about the long term prospects for the business, and expect the measures taken in response to the economic conditions to lead to a marked improvement in performance.

DIVIDENDS

The directors do not recommend the payment of a dividend (2007: nil).

DIRECTORS

The current directors of the company and those who served during the year were as follows:

M L Crump
C G Ellwood (Secretary)
B E Slatton (resigned 4 September 2008)
R J Mould (resigned 31 July 2009)
J M Desmoutier (appointed 4 September 2008)

EMPLOYMENT OF DISABLED PERSONS

The company's policy is to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and any employee who develops a disability during employment with the company is given the chance of retraining where practical.

HEALTH AND SAFETY

The company has a strong commitment to safety in its operations. Courses are also provided in safety training. Special purpose training is also provided to other employees according to the needs of their work.

EMPLOYEE INVOLVEMENT AND COMMUNICATIONS

Matters affecting employees' interests are discussed through consultative committees and with trade unions where they represent employees.

An in-house newspaper is distributed through the Lafarge Group eight times a year. This includes a summary of the group's results and articles on individual developments as well as items of local interest.

DIRECTORS' REPORT (continued)

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 December 2008 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 63 days (2007: 50 days).

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the current economic conditions there are inherent and future uncertainties that may impact the business. As explained in note 1, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future, and for this reason continue to adopt the going concern basis in preparing the accounts

The company's activities expose it to financial risks including foreign exchange risk and energy price and supply risk. To reduce these risks the company enters into forward foreign currency contracts, via a group undertaking, and enters into forward purchase supply contracts for gas.

Loss of key customers is also a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers. The retention of customers is a non financial key performance indicator which the company continuously monitors.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to reappoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

C.W

C G Ellwood
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LAFARGE PLASTERBOARD LIMITED

We have audited the financial statements of Lafarge Plasterboard Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

DELOITTE LLP
Chartered Accountants and Registered Auditors
Bristol, United Kingdom

26 October 2009

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
TURNOVER	2	108,642	109,439
Cost of sales		(88,108)	(80,418)
GROSS PROFIT		20,534	29,021
Distribution costs		(18,275)	(15,741)
Administrative expenses		(10,407)	(14,130)
Other operating income		-	568
OPERATING LOSS	4	(8,148)	(282)
Bank interest receivable		1,426	2,651
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,722)	2,369
Tax charge on (loss)/profit on ordinary activities	5	(224)	(2,776)
LOSS FOR THE FINANCIAL YEAR	14	(6,946)	(407)

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

LAFARGE PLASTERBOARD LIMITED

BALANCE SHEET
At 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
FIXED ASSETS					
Tangible assets	6		69,442		66,488
Investments	7		857		857
			70,299		67,345
CURRENT ASSETS					
Stocks	8	7,812		7,950	
Debtors	9	20,059		16,819	
Cash at bank and in hand		39,127		48,843	
		66,998		73,612	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(34,431)		(33,617)	
NET CURRENT ASSETS			32,567		39,995
TOTAL ASSETS LESS CURRENT LIABILITIES			102,866		107,340
PROVISIONS FOR LIABILITIES AND CHARGES	12		(2,508)		(36)
NET ASSETS			100,358		107,304
CAPITAL AND RESERVES					
Called up share capital	13		149,700		149,700
Profit and loss account	14		(49,342)		(42,396)
SHAREHOLDERS' FUNDS	14		100,358		107,304

The financial statements of Lafarge Plasterboard Limited, registered number 2163844, were approved by the board of directors and authorised for issue on 23 October 2009

C G Ellwood
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The financial statements for the year ended 31 December 2008 have been drawn up using the same accounting policies as for the year ended 31 December 2007.

Going concern

Due to the current economic conditions there are inherent future uncertainties that may impact the business. As a result of this the directors have made enquiries and have a reasonable expectation that the company has adequate resources, including a £39.1m cash balance, support from its parent company, and a lack of reliance on external borrowing to continue in existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 and has not prepared a cash flow statement on the grounds that it is a wholly owned subsidiary of a group whose consolidated financial statements are publicly available.

Turnover

Turnover consists of the invoiced value of plasterboard related goods sold and services provided to customers net of all sales discounts and value added tax. Revenue is recognised on delivery of goods to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets under the course of construction until they are bought into use, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	50 years
Short leasehold buildings	term of lease
Plant and equipment	20 years
Motor vehicles	4 years

Investments held as fixed assets

Shares in other companies are stated at cost less any provision for impairment in value.

1. ACCOUNTING POLICES (continued)

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax, at a future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measure on a non-discounted basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Differences arising on the translation of foreign currencies are included in the profit and loss account.

Pension costs

Prior to 30 September 2003, employees of the company were members of the Lafarge Redland Pension Scheme, a funded defined benefit scheme. Since 1 October 2003 following the merger of the Lafarge UK Group's three major pension schemes the Lafarge Redland Pension Scheme (LRPS) is now part of the Lafarge UK Pension Plan (LUPP). Both LUPP and its predecessor LRPS operate for several of the Group's UK subsidiaries and as such, Lafarge Plasterboard Limited is unable to identify its share of the underlying assets and liabilities of LUPP. Accordingly, the company accounts for the scheme as a multi-employer scheme under FRS 17, as if it were a defined contribution scheme.

LUPP is a defined benefit scheme with the assets of the scheme held separately from those of the company or the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. ACCOUNTING POLICES (continued)

Pension costs (continued)

A summary of the assets and liabilities of the LUPP Scheme as at 31 December 2008 and 31 December 2007 is provided in note 16.

The actual cost of providing pensions to the company is charged to the profit and loss as incurred during the year. Any surplus or deficit in the LUPP Scheme is dealt with in the accounts of Lafarge SA, the ultimate parent company.

Provisions

In accordance with Financial Reporting Standard 12 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for contracts and expected dilapidation costs on properties, and expected restructuring costs.

Operating leases

Rentals are charged to profit and loss in equal annual amounts over the lease term.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

2. TURNOVER

The turnover is wholly attributable to the principal activity of the company and arises in the United Kingdom. The analysis of turnover by geographical destination is as follows:

	2008 £'000	2007 £'000
United Kingdom	103,849	105,601
Other European countries	4,789	3,837
Outside of Europe	4	1
	108,642	109,439

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration:	2008 £'000	2007 £'000
Emoluments	819	796
Company contributions to pension schemes	102	100
	921	896

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2008 No.	2007 No.
Number of directors with pension benefits accruing under defined benefit scheme	3	3

Three directors exercised options in the shares of the ultimate holding company, Lafarge SA, during the period (2007: three directors). No disclosure is made in relation to FRS 20 on the grounds of immateriality.

Remuneration of highest paid director:	**£'000**	**£'000**
Emoluments	319	330

The accrued pension benefit of the highest paid director disclosed is £56,923 (2007: £50,003).

The highest paid director is a member of the defined benefit pension scheme.

Employee costs during the year (including directors):	**£'000**	**£'000**
Wages and salaries	12,748	11,582
Social security costs	1,091	1,134
Other pension costs	1,426	8,228
	15,265	20,944

Average number of persons employed:	**No.**	**No.**
Administration	44	50
Manufacturing and distribution	368	363
	412	413

4. OPERATING LOSS

Operating loss is after charging:	**2008 £'000**	**2007 £'000**
Depreciation - tangible assets	4,740	3,499
Loss on disposal of tangible fixed assets	41	-
Exchange losses	430	463
Operating lease rentals:		
- contract hire vehicles	678	577
- land and buildings	1,675	1,425
- computer equipment	147	157
Auditors' remuneration:		
- fees payable to the company auditors for the audit of the company's annual accounts	82	58
- other services	-	3

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge comprises	**2008 £'000**	**2007 £'000**
Current tax charge for the year	-	-
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	224	2,776
	224	2,776

The rate of UK corporation tax was reduced from 30% to 28% with effect from 1 April 2008, thus giving a blended rate of 28.5% for the year as a whole.

(b) Factors affecting current tax for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	£'000	**£'000**
(Loss)/profit on ordinary activities before taxation	(6,722)	2,369

	£'000	**£'000**
Tax on (loss)/profit on ordinary activities at standard rate of 28.5% (2007: 30%)	(1,916)	711
Factors affecting the charge:		
Depreciation in excess of capital allowances	1,031	811
Disallowed expenses and non-taxable income	357	120
Utilisation of tax losses	-	(2,125)
Group relief not paid	256	(795)
Other short-term timing differences	272	1,278
Current tax charge for the year	-	-

The tax rate of 28.5% is a blended rate of 30% to 5 April 2008 and 28% thereafter.

(c) Factors that may affect future tax charge

The company has unrelieved losses of approximately £12.29 million (2007: £11.25 million), which are available to set against future trading profits, subject to HM Revenue & Customs agreement.

The potential deferred tax asset not recognised in the financial statements on the balance of these losses amounts to £3.4 million (2007: £3.2 million). These are not recognised as the company does not anticipate sufficient taxable profits arising within the immediate future.

Other deferred tax assets amounting to £5.5 million and £1.6 million in respect of decelerated capital allowances and other short term timing differences respectively, have not been recognised on the same basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2008	206	25,140	87,580	90	113,016
Additions	-	-	7,735	-	7,735
Disposals	-	-	(57)	-	(57)
Reclassifications	-	17,614	(17,614)	-	-
At 31 December 2008	206	42,754	77,644	90	120,694
Accumulated depreciation					
At 1 January 2008	74	9,066	37,298	90	46,528
Charge for the year	3	871	3,866	-	4,740
Disposals	-	-	(16)	-	(16)
At 31 December 2008	77	9,937	41,148	90	51,252
Net book value					
At 31 December 2008	129	32,817	36,496	-	69,442
At 31 December 2007	132	16,074	50,282	-	66,488

7. INVESTMENTS HELD AS FIXED ASSETS

	Other £'000
Cost	
At 1 January 2008 and 31 December 2008	857

The investment relates to a 20% investment in CEP Ceilings Limited. The company does not participate in the management of CEP Ceilings Limited neither does it exercise significant influence over its operating and financial policies. CEP Ceilings Limited engages in the manufacture of ceiling tiles and is incorporated and registered in England. The net assets of CEP Ceilings Limited amounted to £1,296,989 (2007: £1,165,501) as at 31 December 2008 and its retained profit for the year ended 31 December 2008 was £131,488 (2007: £63,500).

8. STOCKS

	2008 £'000	2007 £'000
Raw materials	2,074	2,204
Engineering stores	1,760	1,327
Finished goods and goods for resale	3,978	4,419
	7,812	7,950

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

9. DEBTORS

	2008 £'000	2007 £'000
Amounts due within one year		
Trade debtors	13,296	13,199
Amounts owed by group undertakings	2,311	2,532
Other debtors	3,561	249
Prepayments and accrued income	891	615
Deferred tax asset (note 10)	-	224
	20,059	16,819

10. Deferred taxation

The deferred tax asset consists of the following amounts:	2008 £'000	2007 £'000
Losses	-	224

Deferred taxation	**£'000**
At 1 January 2008	224
Credited to the profit and loss account	(224)
At 31 December 2008	-

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Trade creditors	9,631	8,287
Amounts owed to group undertakings	2,130	3,821
Other creditors including taxation and social security	15,432	15,062
Accruals and deferred income	7,238	6,447
	34,431	33,617

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous lease provision £'000	Restructuring provision £'000
At 1 January 2008	36	-
Charged to profit and loss account	1,520	550
Utilisation of provision	(150)	-
Other	552	-
At 31 December 2008	1,958	550

The provisions relate to vacant properties and dilapidation claims and will be utilised over the remaining period of the leases to which they relate.

13. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
180,000,000 Ordinary shares of £1 each	180,000	180,000
	£'000	£'000
Called up, allotted and fully paid		
149,700,100 Ordinary shares of £1 each	149,700	149,700

14. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £'000	Profit and loss account £'000	2008 Total £'000	2007 Total £'000
Balance at beginning of year	149,700	(42,396)	107,304	107,711
Retained loss for the year	-	(6,946)	(6,946)	(407)
Balance at end of year	149,700	(49,342)	100,358	107,304

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

15. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2008 £'000	2007 £'000
Contracted for but not provided for - other	-	500

At 31 December 2008 the company had annual commitments in respect of non-cancellable operating leases as follows:

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expire date:				
- within one year	-	177	-	133
- within two to five years	232	556	232	634
- after five years	1,500	-	1,500	-
	1,732	733	1,732	767

16. PENSIONS

Since 30 September 2003 the company participates in the Lafarge UK Pension Plan (LUPP), prior to this date the company was a member of the Lafarge Redland Pension Scheme (LRPS). This scheme is now part of LUPP. LUPP is and LRPS was a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

The pension cost and funding arrangements are assessed in accordance with the advice of a qualified actuary using the Projected Unit Method. An IAS 19 valuation for the LUPP has been performed for the year ended 31 December 2008 for the purposes of the Lafarge SA financial statements. These have been updated from the preliminary results of an actuarial valuation as at 30 June 2006.

Contributions to the scheme for the year were £1,426,000 (2007: £8,228,000) and the agreed employer contribution rate for the next twelve months is 20% (2007: 20%). The contributions for the year include £183,000 (2007: £6,867,000) in respect of an additional amount paid into the scheme following agreement between the company's ultimate parent company Lafarge SA and the Trustees of the scheme.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

16. PENSIONS (continued)

The assets in the scheme based on IAS 19 valuation and the expected rates of return at 31 December 2008 were:

	2008 Long term rate of return expected	2008 Value £m	2007 Long term rate of return expected	2007 Value £m
Equities	8.0%	1,020.0	8.6%	1,226.1
Bonds	5.0%	831.7	4.5%	943.7
Property	7.0%	70.6	6.5%	96.4
Other	2.5%	39.3	4.4%	29.9
Total market value of assets		1,961.6		2,296.1
Present value of plan liabilities		(1,952.4)		(2,184.4)
Surplus in the plan before tax		9.2		111.7

The figures shown above were calculated on the basis of the following key assumptions:

	2008	2007
Discount rate - LUPP	6.50%	5.80%
Rate of increase in salaries	4.30%	4.90%
Rate of increase in deferred pensions	2.80%	3.40%
Rate of increase in pensions in payment*	2.80%	3.40%
Inflation assumptions	2.80%	3.40%

* in excess of any guaranteed minimum pension (GMP) element.

Mortality rates are taken from the recommended tables are applied with the "medium cohort" future mortality improvements from 2006. Tables for males used are PMA80C08 - 1.5 and for females, PFA80C08 - 1.5

The market value of the scheme's investments and, therefore the overall scheme surplus at any one point in time can be adversely affected by shorter-term fluctuations in stock market prices. However, the scheme's investments are, by their nature, long term investments and therefore the group will continue to pay the contributions recommended by the scheme's actuary in accordance with statutory requirements, in order to meet the future liabilities of the scheme.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

17. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The company has derivatives which are not included at fair value in the accounts:

	Principal £'000	Fair Value £'000
Forward foreign exchange contracts	17,330	20,709

The company uses the derivatives to hedge its exposures to changes in foreign currency exchange rates arising from foreign currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in Financial Reporting Standard 8 and has not reported transactions with other companies which are part of the Lafarge SA group on the grounds that it is a wholly owned subsidiary and that group accounts are publicly available.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2008, Lafarge SA incorporated in France, is regarded by the directors as being the company's ultimate parent company and controlling party.

The largest and smallest groups of undertakings for which group financial statements are drawn up and of which this company is a member are:

Largest and smallest	Address
Lafarge SA Incorporated in France	61-63 Rue des Belles Feuilles F-75116 Paris France

Copies of the group financial statements may be obtained from the address shown above.