Company Registration Number 2163844

LAFARGE PLASTERBOARD LIMITED

Report and Financial Statements

31 December 2009

LAFARGE PLASTERBOARD LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS

	Page
Directors' report	1
Directors' responsibilities statement	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

LAFARGE PLASTERBOARD LIMITED

DIRECTORS' REPORT

The dırectors present theır annual report and the audıted financıal statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The prıncıpal actıvıty of the company ıs the manufacture and supply of plasterboard and accessorıes

As shown ın the company's profit and loss account on page 5, the company's sales have decreased by £13,629,000 ın comparıson to the prıor year, wıth a loss for the financıal year of £2,000 (2008 loss of £6,946,000) The gross profit ratıo has rısen from 18 9% to 25 3%, maınly due to a slıght prıce ıncrease and reduced ınput costs, partıcularly electrıcıty and gas

The balance sheet on page 6 of the financıal statements shows the company's financıal posıtıon at the year-end

The dıfficult tradıng condıtıons ın the year have led to the loss noted above, however, the dırectors are optımıstıc about the long-term prospects for the busıness, and expect the measures taken ın response to the economıc condıtıons to lead to a marked ımprovement ın performance

POST BALANCE SHEET EVENT

On 1 January 2010 the trade and assets of Lafarge Plasterboard Ireland Lımıted, another group company, were hıved across to Lafarge Plasterboard Lımıted

DIVIDENDS

The dırectors do not recommend the payment of a dıvıdend (2008 nıl)

DIRECTORS

The current dırectors of the company and those who served durıng the year and subsequently are as follows

M L Crump (resıgned 29 September 2009)
C G Ellwood (Dırector and Secretary)
J M Desmoutıer
R Mould (resıgned 31 July 2009)
J E Maycock (appoınted 1 December 2009)
R G Buxton (appoınted 1 January 2010)

EMPLOYMENT OF DISABLED PERSONS

The company's polıcy ıs to gıve dısabled people full and faır consıderatıon for all job vacancıes for whıch they offer themselves as suıtable applıcants, havıng regard to theır partıcular aptıtudes and abılıtıes Traınıng and career development opportunıtıes are avaılable to all employees and any employee who develops a dısabılıty durıng employment wıth the company ıs gıven the chance of retraınıng where practıcable

HEALTH AND SAFETY

The company has a strong commıtment to safety ın ıts operatıons Courses are also provıded ın safety traınıng Specıal-purpose traınıng ıs also provıded to other employees accordıng to the needs of theır work

LAFARGE PLASTERBOARD LIMITED

DIRECTORS' REPORT (continued)

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

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 2009 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 74 days (2008 63 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 financial statements

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 s418 of the Companies Act 2006

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

David Hedditch

David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

27 September 2010

LAFARGE PLASTERBOARD LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

	Note	2009 £'000	2008 £'000
TURNOVER	2	95,013	108,642
Cost of sales		(70,990)	(88,108)
GROSS PROFIT		24,023	20,534
Distribution costs		(14,510)	(18,275)
Administrative expenses		(9,700)	(10,407)
OPERATING LOSS	4	(187)	(8,148)
Bank interest receivable		185	1,426
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	(6,722)
Tax charge on loss on ordinary activities	5	-	(224)
LOSS FOR THE FINANCIAL YEAR	13	(2)	(6,946)

There are no recognised gains and losses for the current or 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 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
FIXED ASSETS					
Tangible assets	6		68,478		69,442
Investments	7		312		857
			68,790		70,299
CURRENT ASSETS					
Stocks	8	7,318		7,812	
Debtors	9	13,695		20,059	
Cash at bank and in hand		46,884		39,127	
		67,897		66,998	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(34,623)		(34,431)	
NET CURRENT ASSETS			33,274		32,567
TOTAL ASSETS LESS CURRENT LIABILITIES			102,064		102,866
PROVISIONS FOR LIABILITIES	11		(1,708)		(2,508)
NET ASSETS			100,356		100,358
CAPITAL AND RESERVES					
Called up share capital	12		149,700		149,700
Profit and loss account	13		(49,344)		(49,342)
SHAREHOLDERS' FUNDS	13		100,356		100,358

The financial statements of Lafarge Plasterboard Limited, registered number 2163844, were approved by the board of directors and authorised for issue on 22 September 2010

Signed on behalf of the board of directors

CW

C G Ellwood
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

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 2009 have been drawn up using the same accounting policies as for the year ended 31 December 2008

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 £46 9m 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 financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES (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 in the 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 measured 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 2009

1. ACCOUNTING POLICIES (continued)

Pension costs (continued)

A summary of the assets and liabilities of the LUPP Scheme as at 31 December 2009 and 31 December 2008 is provided in note 15

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 financial statements 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

	2009	**2008**
	£'000	**£'000**
United Kingdom	88,034	103,849
Other European countries	6,979	4,789
Outside of Europe	-	4
	95,013	108,642

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009	**2008**
Directors' remuneration:	**£'000**	**£'000**
Emoluments	905	819
Company contributions to pension schemes	88	102
	993	921

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2009 No	2008 No.
Number of directors with pension benefits accruing under defined benefit scheme	4	3

Four directors exercised options in the shares of the ultimate holding company, Lafarge SA, during the period (2008 three directors) No disclosure is made in relation to FRS 20 on the grounds of immateriality

Remuneration of highest paid director:	£'000	£'000
Emoluments	385	319

The accrued pension benefit of the highest paid director disclosed is £nil (2008 £56,923)

The highest paid director is not a member of the defined benefit pension scheme

Employee costs during the year (including directors)	£'000	£'000
Wages and salaries	12,374	12,748
Social security costs	984	1,091
Other pension costs	1,820	1,426
	15,178	15,265

Average number of persons employed:	No.	No.
Administration	30	44
Manufacturing and distribution	344	368
	374	412

4. OPERATING LOSS

Operating loss is after charging	2009 £'000	2008 £'000
Depreciation - tangible assets	3,976	4,740
Loss on disposal of tangible fixed assets	-	41
Exchange losses	332	430
Investment impairment	545	-
Operating lease rentals		
- contract hire vehicles	661	678
- land and buildings	1,748	1,675
- computer equipment	83	147
Auditors' remuneration		
- fees payable to the company's auditors for the audit of the company's annual accounts	64	82

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

5 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) The tax charge comprises	2009 £'000	2008 £'000
Current tax charge for the year	-	-
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	224
	-	224

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 prior 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% (2008 28 5%) The differences are explained below

	£'000	£'000
Loss on ordinary activities before taxation	(2)	(6,722)

	£'000	£'000
Tax on loss on ordinary activities at standard rate of 28% (2008 28 5%)	(1)	(1,916)
Factors affecting the charge		
Depreciation in excess of capital allowances	801	1,031
Disallowed expenses and non-taxable income	232	357
Utilisation of tax losses	(538)	-
Group relief not paid	(52)	256
Other short-term timing differences	(442)	272
Current tax charge for the year	-	-

(c) Factors that may affect future tax charge

The company has unrelieved losses of approximately £10 34 million (2008 £12 29 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 £2 9 million (2008 £3 4 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 £6 5 million and £1 1 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 2009

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 2009	206	42,754	77,644	90	120,694
Additions	-	36	3,523	-	3,559
Disposals	(50)	(207)	(478)	-	(735)
At 31 December 2009	156	42,583	80,689	90	123,518
Accumulated depreciation					
At 1 January 2009	77	9,937	41,148	90	51,252
Charge for the year	3	873	3,100	-	3,976
Disposals	-	(88)	(100)	-	(188)
At 31 December 2009	80	10,722	44,148	90	55,040
Net book value					
At 31 December 2009	76	31,861	36,541	-	68,478
At 31 December 2008	129	32,817	36,496	-	69,442

7 INVESTMENTS HELD AS FIXED ASSETS

	Other £'000
Cost	
At 1 January 2009	857
Impairment	(545)
At 31 December 2009	312

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 £1,112,367 (2008 £1,296,989) as at 31 December 2009 and its loss for the financial year ended 31 December 2009 was £184,622 (2008 £131,488)

Management test investments for impairments if there are indicators that investments may be impaired The recoverable amounts are determined based on expected performance of the business in future years, taking into account historical profits

During the year £545,000 (2008 £nil) of investments have been impaired as a result of performing an impairment review

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

8. STOCKS

	2009 £'000	2008 £'000
Raw materials	1,999	2,074
Engineering stores	1,797	1,760
Finished goods and goods for resale	3,522	3,978
	7,318	7,812

9. DEBTORS

	2009 £'000	2008 £'000
Amounts due within one year		
Trade debtors	10,656	13,296
Amounts owed by group undertakings	2,234	2,311
Other debtors	137	3,561
Prepayments and accrued income	668	891
	13,695	20,059

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	9,077	9,631
Amounts owed to group undertakings	3,895	2,130
Other creditors including taxation and social security	13,536	15,432
Accruals and deferred income	8,115	7,238
	34,623	34,431

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

11. PROVISIONS FOR LIABILITIES

	Onerous lease provision £'000	Restructuring provision £'000
At 1 January 2009	1,958	550
Charged to profit and loss account	967	(104)
Utilisation of provision	(1,217)	(446)
At 31 December 2009	1,708	-

The provisions relate to vacant properties and dilapidation claims and will be utilised over the remaining period of the leases to which they relate The restructuring was finalised during the year

12. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Called up, allotted and fully paid		
149,700,100 Ordinary shares of £1 each	149,700	149,700

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

	Issued share capital £'000	Profit and loss account £'000	2009 Total £'000	2008 Total £'000
Balance at beginning of year	149,700	(49,342)	100,358	107,304
Loss for the financial year	-	(2)	(2)	(6,946)
Balance at end of year	149,700	(49,344)	100,356	100,358

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

14. FINANCIAL COMMITMENTS

At 31 December 2009 and 2008 the company had annual commıtments ın respect of non-cancellable operatıng leases as follows

	2009 Land and buıldıngs £'000	2009 Other £'000	2008 Land and buıldıngs £'000	2008 Other £'000
Expıry date				
- withın one year	87	120	-	177
- wıthın two to five years	145	524	232	556
- after five years	1,500		1,500	-
	1,732	644	1,732	733

15. PENSIONS

Sınce 30 September 2003 the company partıcıpates ın the Lafarge UK Pensıon Plan (LUPP), prıor to thıs date the company was a member of the Lafarge Redland Pension Scheme (LRPS) Thıs scheme ıs now part of LUPP LUPP ıs and LRPS was a defined benefit multı-employer scheme, the assets and lıabılıtıes of whıch are held ındependently from the group The company ıs unable to ıdentıfy ıts share of the underlyıng assets and lıabılıtıes of the scheme and, accordıngly, accounts for the scheme as ıf ıt were a defined contrıbutıon scheme

The pensıon cost and fundıng arrangements are assessed ın accordance wıth the advıce of a qualıfied actuary usıng the Projected Unıt Method An IAS 19 valuatıon for the LUPP has been performed for the year ended 31 December 2009 for the purposes of the Lafarge SA financıal statements These have been updated from the prelımınary results of an actuarıal valuatıon as at 30 June 2006

Contrıbutıons to the scheme for the year were £1,820,000 (2008 £1,426,000) and the agreed employer contrıbutıon rate for the next twelve months ıs 20% (2008 20%) The contrıbutıons for the year ınclude £338,000 (2008 £183,000) ın respect of an addıtıonal amount paıd ınto the scheme followıng 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 2009

15 PENSIONS (continued)

The assets in the scheme based on the IAS 19 valuation and the expected rates of return at 31 December 2009 and 2008 were

	2009 Long-term rate of return expected	2009 Value £m	2008 Long-term rate of return expected	2008 Value £m
Equities	8 6%	1,225 2	8 0%	1,020 0
Bonds	4 8%	796 9	5 0%	831 7
Property	7 0%	76 7	7 0%	70 6
Other	4 0%	32 0	2 5%	39 3
Total market value of assets		2,130 8		1,961 6
Present value of plan liabilities		(2,237 4)		(1,952 4)
(Deficit)/funds in the plan before tax		(106 6)		9 2

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

	2009	2008
Discount rate - LUPP	5 70%	6 50%
Rate of increase in salaries	5 00%	4 30%
Rate of increase in deferred pensions	3 50%	2 80%
Rate of increase in pensions in payment*	3 50%	2 80%
Inflation assumptions	3 50%	2 80%

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

Mortality rates 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 2009

16. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The company has derivatives which are not included at fair value in the financial statements as follows

	Principal £'000	Fair value £'000
Forward foreign exchange contracts	7,671	7,889

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

17. 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

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2009, 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

19. POST BALANCE SHEET EVENT

On 1 January 2010 the trade and assets of Lafarge Plasterboard Ireland Limited, another group company, were hived across to Lafarge Plasterboard Limited