



Peer Educators at Ewekoro Plant, Ogun State

OUR VISION - To be the undisputed leader in the manufacturing & marketing of cement in South-West Nigeria

OUR MISSION - To maintain our position as a leading Company which operates its business with such efficiency and integrity, that all Stakeholders (customers, staff, neighbours, shareholders) are justifiably proud to be associated with Lafarge WAPCO

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Lafarge WAPCO: Driving Sustainable Growth

Lafarge WAPCO has continuously partnered with Nigeria in its quest for socio-economic development. Having fulfilled the national desire to establish a cement manufacturing company, Lafarge WAPCO, since its establishment in 1959 has grown sustainably and made tremendous contribution to the availability of cement in the country.

Last year, specifically December 3, 2010, Lafarge WAPCO celebrated 50 years of continuous production of its flagship product, Elephant Cement. This puts the Company at the forefront of exploration, production and marketing of cement in Nigeria. Lafarge WAPCO is in the business of 'Bringing Materials to Life' as we extract mineral resources from the earth and transform them into major construction materials. Our activities meet the basic needs of mankind by providing materials for housing and infrastructures in the country: Shaping the everyday surroundings of millions of men and women and the way our societies are being transformed.

Over the years, Lafarge WAPCO has acquired strategic presence in the business environment whilst building a visible and enduring legacy on the nation's individual landscape. Lafarge WAPCO continues to have tremendous positive impact on its numerous stakeholders: Communities, Customers, Shareholders and Employees.

The future looks bright as Lafarge WAPCO approaches its next decades with a great sense of responsibility to its stakeholders, the building sector and the nation at large. With renewed commitment, the Management and Staff of the Company pledge themselves to resist the potential fatigue of age by combining their bodies and minds to achieve more laurels and successes.

Lafarge WAPCO is known for putting values at the forefront of the way it does business. The following principles are the hallmark of our business operation: Health and Safety, People Development, Corporate Governance, Customer Care, Corporate Social Responsibility, Value Creation, Respect for Employees and

Local Culture, Environmental Protection, Conservation of Natural Resources and Energy.

As a result of its take-over of Blue Circle Industries Plc, UK on July 1 2001, Lafarge SA of France became the majority shareholder in WAPCO, culminating in February 2008, to the change of name from West African Portland Cement Plc to Lafarge Cement WAPCO Nigeria Plc. With the acquisition, Lafarge WAPCO has integrated into the Lafarge culture, implementing process reengineering and imbibing Lafarge's Best Practices.

■ MILESTONES

Since establishment of its first factory in Ewekoro in 1960, Lafarge WAPCO has achieved the following milestones:

- **1960:** No. 1 Kiln commissioned with 200,000 tonnes/annum (TPA) capacity
- **1964:** No. 2 Kiln installed - capacity increased to 400,000 TPA
- **1972:** No. 3 kiln installed - capacity increased to 700,000 TPA
- **1977:** Peak Cement production achieved - 706,500 tonnes
- **1978:** Commissioned a second factory in Sagamu as a full wet process plant with an installed capacity of 600,000 tonnes cement per annum
- **1979:** Quoted on the Nigerian Stock Exchange
- **1980:** Sagamu Capacity upgraded to 850,000 tonnes cement per annum with addition of one Raw Mill and one Roller Crusher for limestone. The Plant's current capacity is about 900,000 tonnes
- **2003:** The Ewekoro Plant was replaced by a new and modern, state-of-the-art plant, which was commissioned by His Excellency, Chief Olusegun Obasanjo – former President, Federal Republic of Nigeria. The Company has a current combined capacity of 2.0 million tonnes per annum
- **2008:** Commencement of our expansion project (Lakatabu), a 2.2mt plant which will double the capacity of the Company
- **February 2009:** Foundation Laying Ceremony of Lakatabu, expected to be completed in 2011
- **November 2010:** Launch of New Product, Elephant Supaset Cement

■ OUR BRANDS

Elephant Cement

A five-decade-old formidable brand of impeccable standard and quality. It backs solution provision with power, maturity, resilience, durability and reliability. Little wonder it has consistently won the NIS Certificate for product quality by the Nigerian Standard Organisation for over two decades now. The Elephant brand has helped to build that edifice, brought that monumental project to life, created that serene atmosphere and positively impacted the lives of Nigerians socio-economically.



Since its existence in 1960, Elephant Cement has made visible landmark in the areas of developmental projects which include:

- The National Assembly Complex, Abuja
- The Federal Secretariat, Abuja



Group CEO, Bruno Lafont; Lafarge WAPCO Chairman, Chief Olusegun Osunkeye; MD/CEO, Samy Abdelkader; Ogun State Deputy Governor, Alhaja Salmot Badru; Permanent Secretary, Lagos State Ministry of Commerce and Industry, Wale Raji, and Alake of Egbaland cutting the 50th Anniversary cake

- Shell Trustees Residential Estate in Abuja
- The Stallion Estate, Abuja
- Third Mainland Bridge, Lagos
- Nigeria Police Force Headquarters, Lagos
- MKO Abiola Gardens, Lagos
- NITEL Building, Lagos
- Niger House, Lagos
- Airport Hotel, Lagos
- Cocoa House, Ibadan
- Premier Hotel, Ibadan

Elephant Supaset Cement

Elephant Supaset Cement is another Portland cement specifically formulated to meet the requirements of the block making and precast segment of the Construction Industry. Its birth was borne out of profound customer research to



satisfy the need for specialised cement for these segments of the industry.

Elephant Supaset combines three key value propositions of Early Setting, Early Strength and the unique Latter Strength, which is a distinguished quality of our flagship, Elephant Cement, that has been known over the years.

With Elephant Supaset Cement, Lafarge WAPCO remains the first and only cement company in Nigeria with two unique brands: Elephant Cement, a general purpose cement that has greatly contributed to the economic development of the country for the last 50 years and the new product, Elephant Supaset Cement, specifically formulated for Block making and Precast segment.

The Lafarge Advantage



A little boy playing with water at the Artevia beachfront walkway in South Africa

Since its acquisition by the Lafarge Group, Lafarge WAPCO has become a truly multinational company, strategically positioned for greater heights.

Created in 1833, Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses: Cement, Aggregates & Concrete and Gypsum. With 76,000 employees in 78 countries, Lafarge posted sales of Euros 16.2 billion in 2010.

Lafarge was ranked 6th in the "Carbon Disclosure Project" and entered the global "Dow Jones Sustainability Index" in 2010 in recognition of its sustainable development actions.

With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities,

working for sustainable construction and architectural creativity.

To make advances in building materials, Lafarge places the customer at the heart of its concerns. It offers the construction industry and the general public innovative solutions bringing greater safety, comfort and quality to their everyday surroundings.

Lafarge's long-term presence in the business, its high degree of vertical integration and advance in product research and innovation give the company a competitive advantage in terms of product quality and consistency, product differentiation as well as allowing stronger operational efficiencies.

The business model focuses on achieving excellence in local management while capitalising on best practices developed throughout the world.

■ PRESENCE IN AFRICA

With the acquisition of West African Portland Cement Plc (WAPCO), AshakaCem Plc (Ashaka), Atlas Cement, Port Harcourt, and substantial stake in Unicem, Calabar, Lafarge holds a leadership position in the Nigerian cement industry with investments in companies that have a total production capacity of about 6 million metric tonnes per annum.

The Lafarge Cement Division has significant presence throughout 20 countries in Africa with 25 years existence: 13 cement plants and 5 grinding stations spread over 10 countries: Benin, Nigeria, Cameroun, Uganda, Kenya, Tanzania, Malawi, Zambia, Zimbabwe and South Africa, which are strategically located with facilities for exports to other African countries.

■ COMMITMENT TO SUSTAINABLE DEVELOPMENT

For many years, Lafarge has been committed to a deliberate strategy of sustainable development that combines industrial know-how with performance, value creation, respect for employees and local cultures, environmental protection and the conservation of natural resources and energy.

The company is committed to progress and attentive to ever-changing needs of local communities, contributing to the improvement of their quality of lives by setting up local development programmes, healthcare, housing, education and human capital development.

To better align its actions with these values, Lafarge has established global partnerships with NGOs like WWF - the global conservation organisation, Habitat for Humanity to cooperate and provide decent housings to under-privileged

people in 12 countries (to be extended to 25 countries by 2010), CARE to fight against HIV/AIDS at workplace and round.

■ A STEP AHEAD IN INNOVATION

To make advances in building materials, Lafarge places the customer at the heart of its concerns. It offers the construction industry and the general public innovative solutions bringing greater safety, comfort and quality to their everyday surroundings.

With an annual R&D budget exceeding 170 million Euros, the largest building materials laboratory in the world, and more than 1,300 employees in R&D and technical programmes, Innovation is undoubtedly one of the driving forces in Lafarge's strategy.

Lafarge also has formal partnerships with some of the world's best research teams and universities in Europe, the United States and Asia (MIT, Berkeley, CNRS, etc).

■ BUILDING COMPETENCY IN THE NIGERIAN MARKET

Lafarge WAPCO stands to enjoy high value creation from Lafarge, as the Group introduces a turning point to display customer orientation, technical excellence and innovation from its branding platform.

A benefit of being part of Lafarge is that our Shareholders expect good return on investments from a better-managed organisation and feel proud to be part of a global market leader. Customers are equally proud to be associated with an international brand and expect high quality products, resulting from modern equipment and international standards and enhanced customer relations. Employees look forward to development and technical trainings, wider access to knowledge through the Group's intranet and internationalisation. Our communities benefit from best practices on environment, community relations and social responsibility.



Lafarge WAPCO Customers sharing best practices at Satral, a Key Distributor's Sales Outlet in Paris



committed to
Quality



bringing materials to *life*™

Lafarge Cement WAPCO Nigeria Plc
www.lafargewapco.com

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting of LAFARGE CEMENT WAPCO NIGERIA PLC will be held at Muson Centre, Onikan, Lagos on Friday, 20th May 2011 at 11 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statement for the year ended 31st December 2010, the reports of the Directors, Auditors and Audit Committee thereon
2. To declare a dividend
3. To elect/re-elect retiring Directors. In accordance with Section 256 of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria, 2004), special notice is hereby given that Asiwaju Ademola Awosanya who is due for re-election is over 70 years of age
4. To authorise the Directors to fix the remuneration of the External Auditors
5. To elect members of the Audit Committee

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following proposed Special Resolutions:

That the Memorandum of Association of the Company be and is hereby amended by inserting the following sub-clauses in the Objects Clause:

- a. "To engage in the business of exportation of products manufactured by the Company including but not limited to cement and other substances or products manufactured by the Company";
- b. "To engage in the business of electric power generation, distribution, trading, energy or power rentals, sales, establish, run, carry on business as proprietors and managers of electric power works and to this end, to own and operate power generation stations, to acquire, construct, lay down, maintain, enlarge, alter, work and use all such lands, buildings, docks, easement and other works, machinery, plants, dynamos, turbines, barges, motors, pylons, pipes, fittings, meters, apparatus, materials and to supply all such materials and products and things as may be necessary, incidental or convenient in connection with the generation, accumulation, use, regulation measurement, supply and distribution of electricity, and other ancillary services";
7. "THAT the Memorandum and Articles of Association of the Company should be amended and registered at the Corporate Affairs Commission to reflect the above resolutions";

8. "THAT the Company Secretary be and is hereby authorised to take all actions and make amendments that are necessary to give effect to Resolutions passed at the Meeting."

NOTES:

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

A proxy form is attached in this Annual Report. For the instrument of proxy to be valid for the purpose of the meeting, it must be completed, duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S8 Laws of the Federation of Nigeria 2004) and deposited at the Office of the Registrar of the Company, City Securities Limited, Primrose Tower, 17A Tinubu Street, Lagos, not later than 48 hours before the time for holding the meeting.

DIVIDEND WARRANT

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on the 20th day of May 2011, to members whose names appear in the Register of members at the close of business on the 6th day of May 2011.

CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from 9th to 13th May 2011, both dates inclusive, for the purpose of payment of dividend.

AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

EDITH ONWUCHEKWA (MRS.)
Company Secretary/Legal Adviser

Dated this 29th March 2011
REGISTERED OFFICE
Elephant Cement House
Assibifi Road, Alausa, Ikeja
Lagos State



DIRECTORS

Chief Olusegun Osunkeye OON	Chairman
John Stull Esq.	Vice Chairman
Samy Abdelkader Esq.	Managing Director/Chief Executive Officer
Emmanuel Oloruntoki Esq.	Director
Chief (Dr.) Joseph Sanusi CON	Director
Guillaume Roux Esq.	Director
Jean-Christophe Barbant Esq.	Director
Asiwaju Ademola Awosanya	Director
Mobolaji Balogun Esq.	Director
Professor Oyelowo Oyewo	Director
Oludewa Edodo-Thorpe (Mrs.)	Director
Joseph Hudson Esq.	Director
Adebayo Jimoh Esq.	Director

COMPANY SECRETARY/LEGAL ADVISER

Edith Onwuchekwa (Mrs.)

AUDITOR

Akintola Williams Deloitte

REGISTERED OFFICE AND PLANTS

1. Elephant Cement House,
Alausa, Ikeja, Lagos State
2. Ewekoro Plant, Ewekoro, Ogun State
3. Sagamu Plant, Sagamu, Ogun State

BANKERS

- First Bank of Nigeria Plc
- Standard Chartered Bank Ltd
- Union Bank of Nigeria Plc
- United Bank for Africa Plc
- Wema Bank Plc
- Guaranty Trust Bank Plc
- Stanbic IBTC Bank Plc
- First City Monument Bank Plc
- Access Bank Plc
- Ecobank Plc
- Bank PHB Plc
- CitiBank Nigeria Ltd

REGISTRAR

City Securities Limited
17A Tinubu Street
Lagos



CHIEF OLUSEGUN OSUNKEYE, OON
Chairman

Fellow Shareholders, my colleagues on the Board of Lafarge Cement WAPCO Nigeria Plc, distinguished Ladies and Gentlemen. It is with pleasure that I welcome you all to this meeting, the 52nd Annual General Meeting of our company.

Let me start by thanking all of our shareholders for their active participation at the events to celebrate the Golden Jubilee anniversary of the Company. It was indeed a memorable time as the events brought together ex-employees, Directors and other stakeholders that have played key roles in the development and growth of the Company over the last five decades.

As is usual I will use the opportunity of today's meeting to lay before our shareholders the performance of the Company during 2010 and the business environment under which it operated and how this impacted on the operations of the Company.

BUSINESS ENVIRONMENT

The global economic crisis that started in 2008 has begun to show some elements of recovery in most major economies of the world, albeit, in a subdued manner. In the past year, the impact of the slow recovery together with structural reforms in the local banking industry embarked upon by the Central Bank of Nigeria has meant a slowdown in credit availability to the real sectors of the economy which in turn constrained new investments and the general level of demand. The political stalemate that attended the illness and the subsequent death of the late President Umaru Musa Yar'Adua also led to several months of wait-and-see by prospective investors. Similarly, the performance of the capital market in 2010 was lacklustre and with a significant prevalence of investor apathy. However, on a positive side the market witnessed far reaching regulatory reforms which together should strengthen governance around the activities of the market operators.

Inflation rate year on year rose to 11.8% compared to 9.8% for 2009; a significant portion of the increase coming from increased prices of petroleum products and the knock-on effects on transport, energy and cost of other services. The energy crisis though improving still remains a major concern for the real sector of the economy.

Despite the occasional surge seen in demand for foreign exchange at the bi-weekly CBN Whole Dutch Auction Sale (WDAS), the CBN has kept the exchange rate of the US Dollar to the Naira relatively stable and within its commitment of a volatility band of 3%. While this action helped business planning, it led to a depletion of the foreign reserves but thankfully the international oil prices have strengthened which is now helping with the rebuilding of the reserves.

RESULTS FOR THE YEAR

Shareholders will recall that 2009 was a difficult year for the Company as result of the severe outages suffered in natural gas supply. The situation improved in 2010 which helped to minimise the use of expensive imported clinker to maintain market share. However, the country experienced last year one of the most prolonged and wet rainy season in recent years. This consequently led to a slowdown in demand during that period with the result that closing turnover for 2010 was down by 3.8% on 2009. The impact of this reduction on the profit for the year was, however, partly off-set by several operating cost reduction initiatives embarked upon by the Company.

PROPOSED DIVIDEND

The 2010 results of the Company as contained in the audited financial statements which is now before the shareholders recorded a net profit after taxation of N4.88 billion which means that excluding the exceptional income in respect of insurance claims recorded for 2009 net profit after taxation remained flat despite the marginal reduction in turnover. Given this situation and to limit the amount of borrowing for the completion of the Lakatabu Project, your Board of Directors is proposing today for your approval a gross dividend of 25 kobo on each ordinary share in issue. In absolute terms this represents an increase of 150 per cent on the dividend approved by shareholders on the 2009 financial results. The Board of Directors remain appreciative of the patience and loyalty of our shareholders.

EXPANSION PROJECT

The 2.2 million metric tonnes Lakatabu capacity expansion project at Ewekoro is progressing well. The completion of this project will take the Company's total cement production capacity to 4.4 million metric tonnes per annum. The €225m (N45.27 billion) Syndicated Multi-currency Medium Term loans arranged to fund the expansion project has been fully drawn. Repayment on the loan is scheduled to commence in the last Quarter of 2011 by which time it is expected that the new plant would have been fully commissioned.

The Lakatabu project represents a significant milestone for the Company and will help to further secure the future of the Company and of its potential to continue to create value for the shareholders and all stakeholders.

INNOVATION

As part of the Company's efforts to remain responsive to the needs of our customers, a new product, "SUPASET CEMENT" was introduced into the market in 2010. This product is targeted primarily at our customers in precast business i.e hollow block and concrete pole makers who require a product that will set fast and also provide the required early strength. The product has been well received by the market and demand for it soaring. On the back of this innovation, I am happy to inform our shareholders that the Company won the 2010 Lafarge Group Award for Best Product Innovation and Best Improvement in Customer Satisfaction. On behalf of the Board and the shareholders I will like to commend the innovative efforts of the Company's management team.

PERFORMANCE IMPROVEMENT

In 2006 the Company as part of the Lafarge Group launched a performance improvement initiative code named "Excellence 2010". The project is focused primarily on four main key priorities area of improvement which are: health and safety, management of working capital, brand value and increase in reliability of the plant to increase production volume and reduce cost. The Project which spans over a four year period has been successfully completed and has been of tremendous assistance to the

management of the Company in focusing change efforts on key value drivers of the business. In order to keep up the momentum gained with the Excellence 2010 project, a new initiative is already at planning stage and will be unveiled in the course of 2011.

BOARD CHANGES

Since the last Annual General Meeting, Professor Oluremi Fayemi has resigned from the Board. Also, Mr. Isaiah Bingwa, consequent on his retirement from the Company resigned from the Board.

On behalf of the Board of Directors, I would like to acknowledge the immense contributions made by these gentlemen and the recognition and stature that they, together with other colleagues remaining, have bequeathed to our company in the Nigerian business community. They leave the Board with our best wishes and our prayers for success in their future endeavours.

Also since the last Annual General Meeting, Mr Joseph Hudson and Mr Adebayo Jimoh were appointed as Directors of our Company. Mr. Joseph Hudson is the Regional Vice President, Human Resources and Organisation, Lafarge Sub-Saharan Africa. He holds a Post-Graduate Diploma in Human Resources and he is a Fellow of the Chartered Institute of Personnel and Development, UK. Mr. Adebayo Jimoh, is the Group Managing Director & Chief Executive Officer of Odu'a Group of Companies. He is an Industrial Psychologist and holds a Masters of Science Degree from the University of Ibadan and an MBA from Enugu State University of Science & Technology (ESUT) Business School. On behalf of the Board of Directors and our shareholders I offer them a warm welcome.

FUTURE OUTLOOK

The Lakatabu expansion project without doubt holds the future for our Company and of its competitiveness in the local cement market. We all look forward to the successful completion and commissioning of this project during the course of this year. To ensure that the existing cement plants of the Company are able to operate with some flexibility in terms of primary fuel required for the operation of the plants, the Dual Fuel Firing projects at both the Ewekoro and Sagamu plants were completed during the year. This means that both plants can now run on natural gas and low pour fuel oil (LPFO) which provides the required flexibility to maintain cement production in times of disruptions in the supply of one or the other.

Also during the year a new cement packing machine was installed at the Sagamu plant. The installation will help to assure the operation of the Plant towards the future and retention of market share in the South West.

CONCLUSION

On behalf of the Board of Directors I will like to thank Staff and Management for their skill and resilience in managing the affairs of the Company despite the several daunting challenges in running a manufacturing business in our economy. The Board and I are very appreciative of their continuing commitment and loyalty.

I also like to recognise the immense support of the Lafarge Group for the operation of the Company. Their contribution and assistance in the area of technical and human resources development has begun to show far reaching positive results for the Company.

Distinguished shareholders, my colleagues on the Board, Ladies and gentlemen, I thank you for your presence at this Annual General Meeting and I look forward to your lively contributions to the Agenda of today's meeting.

Chief Olusegun Osunkeye, OON

Chairman of the Board

Lafarge Cement WAPCO Nigeria Plc.



BOARD OF DIRECTORS

- 1. CHIEF OLUSEGUN OLADIPO OSUNKEYE, OON
Chairman
- 2. JOHN STULL ESQ.
Vice Chairman
- 3. SAMY AHMED ABDELKADER ESQ.
Managing Director/Chief Executive Officer
- 4. EMMANUEL OLORUNTOKI ESQ.
Director
- 5. ASIWAJU ILIASU ADEMOLA AWOSANYA
Director



6. CHIEF DR. JOSEPH OLADELE SANUSI, CON
Director

7. MOBOLAJI OLUDAMILOLA BALOGUN ESQ.
Director

8. GUILLAUME ROUX ESQ.
Director

9. PROFESSOR OYELOWO OYEWO
Director

10. OLUDEWA EDODO-THORPE (MRS.)
Director

11. JEAN-CHRISTOPHE BARBANT ESQ.
Director

12. JOSEPH HUDSON ESQ.
Director

13. ADEBAYO JIMOH ESQ.
Director

14. EDITH ONWUCHEKWA (MRS.)
Company Secretary/Legal Adviser

Board of Directors' Profile

■ CHIEF OLUSEGUN OLADIPO OSUNKEYE, OON

Chairman

Chief Olusegun Osunkeye OON is a Fellow of the Institute of Chartered Accountants of Nigeria, the Institute of Directors and the Nigerian Institute of Management. He was recently admitted as a Fellow of the Society of Corporate Governance Nigeria. He is also the Chairman of Nestle Nigeria Plc, GlaxoSmithkline Consumer Nigeria Plc and the International Chamber of Commerce, Nigeria Chapter. He was conferred with a Doctor of Science Degree (honoris causa) by the University of Agriculture, Abeokuta in 1998.

Chief Osunkeye was a member of Senate of the University of Lagos from 2002-2007 and a facilitator at the Lagos Business School of Pan African University on "Directing the Enterprise and Corporate Governance". He is a past President of the Nigerian Employers' Consultative Association (NECA). He is a high ranking Chief, as the Babalaje of Egbaland. In 2003, he was conferred with the National Honours Award of Officer of the Order of the Niger (OON) in recognition of his significant contribution, through the private sector, to the industrial, commercial and agricultural development of the country.

He joined the Board of the Company on the 24th of October 2000 and was elected Chairman of the Board with effect from 1st October 2009.

■ JOHN STULL ESQ.

Vice Chairman

Mr. John Stull, an American citizen, is a Chemical Engineer. He has an additional business qualification from Harvard University. He worked in Lafarge, managing Industrial Operations in North America for nine years and held several positions within the Lafarge Group. Prior to his appointment as the Regional President, Cement Sub-

Saharan Africa in 2009, he held the positions of Vice President, Manufacturing for all Lafarge's US operations, Senior Vice President, Marketing and Supply Chain for the Group's Cement Division and Regional President, Latin America. He was appointed to the Board of Lafarge WAPCO on the 1st of April 2009.

■ SAMY AHMED ABDELKADER ESQ.

Managing Director/Chief Executive Officer

Mr. Samy Ahmed Abdelkader, an Egyptian citizen, is a graduate of Cairo University where he studied Mechanical Engineering. He is also an MBA holder from Kensington University, USA.

Prior to his appointment to the Board of Lafarge WAPCO, he joined Lafarge Cement, Pakistan in August 2005 as the Commercial Director and Board member in the international operations of Orascom Cement. He was also the General Manager, Marketing and Sales in Nile Waterproofing Company and Executive Director and Board member for UAE between 1998 and 2001. Prior to this, he held various positions in Sales & Marketing of engineering products in international organisations.

He is presently the Managing Director and Chief Executive Officer of the Company. He was appointed to the Board of Lafarge WAPCO on the 3rd of November 2009.

■ EMMANUEL OLORUNTOKI ESQ.

Director

Mr. Emmanuel Oloruntoki is a Fellow of the Institute of Chartered Accountants and Chartered Institute of Taxation of Nigeria. He served in different capacities within the Company, prior to his appointment to the Board, as Works Accountant, Plant Controller, Chief Accountant, Finance Controller and Finance Director.

He was appointed to the Board of Lafarge WAPCO on the 18th of February 2009.

■ ASIWAJU ILIASU ADEMOLA AWOSANYA

Director

Asiwaju Ademola Awosanya, the Ori Aje of Remoland worked at Royal Exchange Assurance Limited and also Bank of America Limited from where he proceeded to the United Kingdom in 1962 to study Banking and Accountancy at the City of London College and Balham & Tooting College London.

Chief Awosanya served at various times at the Nigerian Embassy in London, as a Senior Accounts Officer under the Financial Attachee. He also served as a Manager at the United African Company of Nigeria Plc (UACN). He was the Chairman, Ijebu-Remo Local Government, Ogun State Water Corporation and Ogun State Towergate Insurance Plc. He is presently the Chairman/Chief Executive of Project Publications Limited. He joined the Board of Lafarge WAPCO on the 7th of November 2003.

■ CHIEF (DR.) JOSEPH OLADELE SANUSI, CON

Director

Dr. Joseph Oladele Sanusi CON is a Fellow of the Institute of Chartered Accountants of Nigeria and a Fellow of the Nigerian Institute of Bankers. He trained at the South-West London College; Kingston College of Technology, Harvard University, Boston, USA. He was the former Governor, Central Bank of Nigeria.

He has held top-level management and directorship positions in the financial services sector including the MD/CEO of First Bank of Nigeria Plc, United Bank for Africa Plc, Chairman FBN (Merchant

Bankers) Limited, Kakawa Discount House and he is presently the Chairman of Standard Chartered Bank Limited in Nigeria. He is a recipient of several awards. In 2002, he was conferred with the National Honour of the Commander of the Order of the Niger (CON). He is the Bashorun of Ile-Ife and the Asiwaju of Ogbagi Land in Akoko, Ondo State.

He was appointed to the Board of Directors of Lafarge WAPCO on the 7th of October 2004.

■ MOBOLAJI OLUDAMILOLA BALOGUN ESQ.

Director

Mr. Mobolaji Oludamilola Balogun is an Economics (Honours) graduate of the London School of Economics, University of London. He is the Chief Executive Officer of Chapel Hill Denham Group, a leading independent investment banking firm in Nigeria. He worked for First City Group for eleven years in investment banking. He was Executive Director and Chief Operating Officer at CSL (part of First City Group). Mr. Balogun was also an Executive Director at FCMB Capital Markets, where he led advisory teams in major corporate and complex financial transactions.

Mr. Balogun left FCMB to become a co-founder and Director of Econet Wireless Nigeria (now Airtel Nigeria). He was pioneer Chief Business Development and Strategy Officer, and in October 2001, he was appointed Chief Marketing Officer. He left the business and mobile telecommunications and returned to investment banking in 2005. He was appointed to the Johannesburg Stock Exchange, Africa Board Advisory Committee in September 2009.

Mr. Balogun joined the Board of Lafarge WAPCO on the 1st of March 2005.

■ GUILLAUME ROUX ESQ.

Director

Mr. Guillaume Roux (French) is a graduate of Institute d' Etudes Politiques, Paris. He joined the Lafarge Group in 1980 as Internal

Auditor, Lafarge Cement France. He was appointed as the Chief Financial Officer of the Biochemical Business Unit, United States in 1989, a post he held between 1989-1992, following which he returned to Lafarge Head Quarters in France to head a mission for the Finance Department. In 1996, he was appointed Vice President, Marketing, North America. In 1999, he was appointed the Chief Executive Officer, Lafarge operations, Turkey. He was later appointed the Executive Vice President, Cement Division South East Asia in 2001. He currently holds the position of the Group Executive Vice President, Co-President Cement Division responsible for Central Europe, Western Europe, Africa, Maghreb and Middle East since January 2006.

He was appointed to the Board of Lafarge WAPCO on 18th December 2007.

■ PROFESSOR OYELOWO OYEWU

Director

Professor Oyelowo Oyewo holds a Bachelors degree in Law from the University of Ife (now Obafemi Awolowo University) Ile-Ife, LLM, University of Lagos, Akoka, Yaba, Lagos, LLM, University of California, Los Angeles, USA.

He is a Fellow of the Chartered Institute of Taxation, Nigeria. He was a former Director and Chairman of Glanvill Enthoven Group (Insurance Brokers) and presently a Director of Boyle Consulting Limited. He is also the Dean, Faculty of Law, University of Lagos. Professor Oyewo is a member of the Council of Nigeria Institute of Advanced Legal Studies (NIALS) and the Council of Legal Education (CLE).

He joined the Board of Lafarge WAPCO on 18th of December 2007.

■ OLUDEWA EDODO THORPE (MRS.)

Director

Mrs. Oludewa Edodo-Thorpe is an alumnus of the University of Nigeria, Nsukka, from where she graduated with a Second Class (Upper Division) in Law. She holds a Masters of Law degree from the University of Lagos, Akoka Lagos. After her call to

the Nigerian Bar and the National Youth Services Corps, she joined the Nigerian Industrial Development Bank Ltd (NIDB). A former Company Secretary of NIDB Trustees Ltd, she is the National Secretary of the National Co-ordinating Committee of the Shareholders Associations. She is an active member of the Nigerian-Japan Association and a member of the International Bar Association.

She was a Commissioner in the Delta State House of Assembly Service Commission in 2004-2005. She was a member of the Technical Committee for the review of the Investment and Securities Act (ISA) No. 45 of 1999. She was also a member of the Securities and Exchange Commission's Market-Wide Committee on e-Dividend. She is a member of Institute of Directors (IOD) Nigeria. She is a member of the Capital Market Solicitors Association where she is an ex-officio member of the Executive Committee. She is the immediate Past President of Soroptimist International Ikeja. She is the Assistant Secretary of the Future African Federation of Soroptimist International (Worldwide). She is a member of the Board Audit Committee of Union Homes Savings and Loans Plc.

She is currently involved in the practice of Law with specialisation in Secured Credit Transactions, Corporate and Commercial Law, and International Business Transactions.

She joined the Board of Lafarge WAPCO on the 3rd of September 2008.

■ JEAN-CHRISTOPHE BARBANT ESQ.

Director

Mr. Jean-Christophe Barbant (French) is a graduate of Ecole Nationale Supérieure des Mines de Paris/France and School for Sciences and Engineering. He joined Lafarge Gypsum in 1995 as a Director for strategic development projects. He was appointed Senior Vice President North and Central Europe between 1996 and 2000 following which he proceeded to the Lafarge Group, France as Director for Corporate E-business between 2000 and 2003. He was the CEO of Lafarge Roofing/Monier and member of the Lafarge Group Executive Committee till February 2007.

He is currently the Lafarge Country Manager for Nigeria and Benin Republic.

He was appointed to the Board of Lafarge WAPCO on the 27th of May 2009.

■ JOSEPH HUDSON ESQ.

Director

Mr. Joseph Hudson, a British citizen holds a BA (honours) in Education from the University of Exeter, United Kingdom. He is a fellow of the Chartered Institute of Personnel and Development UK. He served in different capacities within the Lafarge Group. He was the Human Resources & Organisation Manager of Hima Cement Ltd, Lafarge Kampala Uganda; he was also the Regional Director for Lafarge University America. He served in different capacities in Home Grown Kenya Ltd as Head of Human Resources and Area Operations Manager in Nairobi and Nanyuki respectively. He spent 15 years working in Africa in different capacities.

Mr. Hudson served as the Vice President Human Resources from 2006-2009 in Lafarge Gypsum North America Inc. Prior to his appointment to the Board of Lafarge WAPCO, he was the Regional Vice President Human Resources & Organisation for Sub-Saharan Africa.

He joined the Board of Lafarge WAPCO on 16th March 2011.

■ ADEBAYO JIMOH ESQ.

Director

Mr. Adebayo Jimoh is a graduate of the University of Ilorin and holds a Master of Science degree from the University of Ibadan. He has an MBA degree from the Enugu State University of Science and Technology (ESUT) Business School. He is a certified member of the British Institute of Marketing, a member of the Nigeria Institute of Management (NIM), a member of the Institute of Directors and a Fellow of the National Institute of Marketing of Nigeria.

Mr. Adebayo served as the General Manager for John Holt Ventures from 1994-1996 and thereafter moved to Yamaha Motorcycle Company as the General Manager in 1997, before his appointment as Executive Director in charge of Group Operations John Holt Plc in 2003. He was appointed the Group Managing Director of Odu'a Investment Limited in May 2005.

He joined the Board of Lafarge WAPCO on the 16th March 2011.

■ EDITH ONWUCHEKWA (MRS.)

Company Secretary/Legal Adviser

Mrs. Edith Onwuchekwa is a graduate of Law from the University of Uyo, Akwa Ibom State and was called to the Nigerian Bar in August 1999. She is a member of the Institute of Chartered Secretaries & Administration Nigeria (ICSAN).

Prior to joining Lafarge WAPCO she was Company Secretary/Head of Administration at Jolimair Nigeria Limited. She joined Lafarge WAPCO in 2005 and served in different capacities.

She was appointed by the Board of Lafarge WAPCO as Company Secretary/Legal Adviser on 1st June 2008.

	2010	2009	Increase/(Decrease)%
Major Balance Sheet Items (N'Million)			
Fixed Assets	100,752	69,681	45%
Net Current Assets/(Liabilities)***	(40,401)	6,748	-699%
Ordinary Shareholders' Funds	48,292	43,711	10%
Major Profit & Loss Account Items (N'Million)			
Turnover	43,841	45,590	-4%
Operating Profit	8,235	8,277	-1%
Profit Before Tax	8,464	9,237	-8%
Profit After Tax & Extraordinary Item	4,881	5,055	-3%
Ordinary Dividends	750	300	150%
Major Cashflow Items in/(out): (N'Million)			
Net Cash Inflows from Operating Activities	12,593	9,459	33%
Cash and Cash Equivalent	3,837	3,628	6%
Ratios			
Operating Profit to Turnover	19%	18%	
Profit Before Tax to Turnover	19%	20%	
Value added to Turnover	32%	31%	
Net return on Ordinary Shareholders' Funds	10%	12%	
Gross Return on Total Assets	7%	9%	
Turnover on Net Assets	0.91	1.04	
Headcount:			
Number of Employees (including trainees)	821	683	20%
Information per 50k Ordinary Share:			
Dividends (Kobo)	25	10	150%
Earnings	163	168	-3%
Net Assets (Kobo)	1,609	1,456	10%
Dividends Cover (Times)	6.5	16.8	-61%

*** In December 2010, in the context of its current and future investments, the company started renegotiation of its medium term debt and made request for request for additional financing to complete its capacity expansion project. This was successfully concluded in February 2011. The debt was classified as short term in compliance with international Accounting Standards (IAS) No. 1 (74), even though the facilities remain medium term with N42.92 billion falling due after 1 year. The expansion project is under commissioning with first production expected in May 2011.

The Board of Directors has the pleasure of submitting to members its Annual Report along with the Financial Statements of the Company for the year ended 31st December, 2010.

Directors' Responsibilities

In accordance with the provision of Sections 334 and 335 of the Companies and Allied Matters Act, 2004, the Company's Directors are responsible for the preparation of Financial Statements which give a true and fair view of the affairs of the Company as at the end of the financial period and its results for that period and which comply with the Companies and Allied Matters Act, 2004. The responsibilities include ensuring that:

- adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds and other irregularities
- proper accounting records are maintained
- applicable accounting standards are followed
- suitable accounting policies are used and consistently applied

Principal Activities

The principal activities of the Company are the manufacturing and marketing of cement products.

Summary Financial Results for the Year

Turnover was down on 2009 by 3.8% due to changing business environment. However, the impact of this adverse variance was significantly off-set, by cost reduction initiatives which has meant that Operating profit remained generally at the same level as in previous year.

The new cement plant (Lakatabu project) would be commissioned in the course of this year and is expected to improve cement production volume. The combination of volume improvement from the new Plant and the continuation of the cost reduction initiatives is expected to have positive impact on profitability in 2011.

	2010 N'000	2009 N'000
Profit before taxation	8,464,365	9,237,328
Taxation	(3,583,002)	(4,181,930)
Retained Earnings	4,881,363	5,055,398
Retained Earnings Per share (kobo)	163	168
Dividend Per share (kobo)	25	10

Dividend

The Board of Directors is proposing a gross dividend of 25 kobo on every Ordinary Share in issue. This amounts to NGN 750.4 million.

Board Changes

Since the last Annual General Meeting, Mr. Isaiah Bingwa (Executive Director) and Professor Oluremi Fayemi (Non-Executive Director) resigned from the Board. The Board duly nominated and appointed Mr. Joseph Hudson (Non-Executive Director) and Mr. Adebayo Jimoh (Non-Executive Director) to fill the vacancies.

Mr. Isaiah Bingwa, upon his retirement from the Company, resigned from the Board with effect from the 1st of October 2010 and in his place Mr. Joseph Hudson was appointed on the 16th of March 2011. Mr. Joseph Hudson is the Lafarge Regional Vice President, Human Resources and Organisation, Sub-Saharan Africa. He holds a postgraduate diploma in Human Resources. He is a Fellow of the Chartered Institute of Personnel and Development, UK.

Professor Oluremi Fayemi resigned from the Board with effect from the 16th December 2010 and in his place Mr. Adebayo Jimoh was appointed on the 16th of March 2011. Mr. Adebayo Jimoh is an Industrial Psychologist. He holds a Masters of Science degree from University of Ibadan and an MBA degree from Enugu State University of Science and Technology (ESUT) Business School.

Disclosure

Chief Olusegun Osunkeye OON, a Director and Chairman of the Board has disclosed that, since the last Annual General Meeting, he has attained the age of 70 years and has indicated his willingness to continue in office, in accordance with Section 252 of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria 2004) which states that any person who is appointed or to his knowledge proposed to be appointed Director of a public company and who is more than 70 years old shall disclose this fact to the members at the general meeting.

Retirement by Rotation

In accordance with Articles 97 to 99 of the Articles of Association of the Company, the Directors to retire by rotation are Mrs. Oludewa Thorpe, Mr. John Stull, Asiwaju Ademola Awosanya and Mr. Mobolaji Balogun being eligible, offer themselves for re-election.

Asiwaju Ademola Awosanya has indicated his willingness to continue in office as a Director of the Company in accordance with section 252 of the Companies and Allied Matters Act (Cap C20, Law of the Federation of Nigeria 2004).

Interest of Directors

Directors' interest in the issued Share Capital of the Company as recorded in the register of Members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004) and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

Name	No of shares 31.12.10	No of shares 31.12.09
Chief Olusegun Osunkeye OON	101,184	101,184
Mr. John Stull	-	-
Mr. Samy Abdelkader	-	-
Mr. Emmanuel Oloruntoki	5,675	5,675
Mr. Guillaume Roux	-	-
Mr. Jean-Christophe Barbant	-	-
Chief Ademola Awosanya	10,500	10,500
Chief (Dr.) Joseph Sanusi	8,964	8,964
Mr. Mobolaji Balogun	2,103,302	2,103,302
Professor Oyelowo Oyewo	10,000	10,000
Mrs. Oludewa Edodo-Thorpe	20,948	20,948
Professor Oluremi Fayemi (Resigned 16.12.10)	8,000	8,000
Mr. Adebayo Jimoh (Appointed 16.3.11)	-	-
Mr. Isaiah Bingwa (Resigned 01.10.10)	-	3,000
Mr. Joseph Hudson (Appointed 16.3.11)	-	-

Except as disclosed, none of the Directors has notified the Company of any disclosable interests in the Company's share capital.

Directors' Interest in Contracts

None of the Directors have notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004) of any declarable interest in contracts in which the Company is involved as at 31st December, 2010.

CORPORATE GOVERNANCE REPORT

Lafarge Cement WAPCO Nigeria Plc is fully committed to meeting the high standards of corporate governance.

Global best practices, Corporate Governance principles, rules and regulatory requirements of the Nigerian Stock Exchange and Securities and Exchange Commission have indeed been an integral part of the way we conduct our business in Lafarge Cement WAPCO Nigeria Plc. These practices emanate from our strong belief that Corporate Governance is integral to creating value on a sustainable basis.

The Company has always been guided by a strong conviction of adhering to transparency, accountability, good management practices and integrity through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

We believe that the implementation of global best practices and corporate governance principles would help to achieve

commitment and goals to enhance stakeholders' value.

Shareholders' interests are utmost, and Management is only a trustee of the shareholders' capital to carry out the activities of the Company. In line with this, an Investors' Relations Forum was organised in 2010 for an interactive and informative session on the Company's activities.

Our employee satisfaction is reflected in the stability of our employees and the ever-increasing list of employees for the annual Long Service Award. Once again in 2010, workshops on the Lafarge Code of Business Conduct, the Company's Ethics Policy, were organised for all employees. The Board of Lafarge Cement WAPCO Nigeria Plc is responsible for the Company's Corporate Governance and accountable to all its stakeholders.

The Securities and Exchange Commission in February 2011 released the new Corporate Governance Code ("the Code"), effective on the 1st of April 2011. Lafarge WAPCO has, over the years, substantially adhered to the standard of Corporate Governance advocated by Code.

In line with the requirements of the Code and the Company's commitment to its shareholders, Lafarge Cement WAPCO Nigeria Plc is committed to pursuing and maintaining the highest level of Corporate Governance and International Best Practices. The Company shall continue to report to shareholders its compliance with the mandatory requirements under the Code.

We present, in detail, a statement of how the Board conducted its activities in the last financial year.

1. The Board Composition and its Committees

- The Board has overall responsibility for ensuring that the Company is appropriately managed and achieves its strategic objectives
- The Company's Articles of Association provides that the Company's Board shall consist of not more than thirteen Directors. During the year, the Board comprised of thirteen Directors: ten (10) non-executives and three (3) executives
- The Company's Board comprises of a non-executive Chairman, with a mix of executive and non-executive Directors, all bringing high levels of competencies and experience, with enviable records of achievement in their respective fields
- The Board meets regularly to set broad policies for the Company's business and operations, and ensures that a professional relationship is maintained with the Company's auditors in order to promote transparency in financial and non-financial reporting

2. Role of the Board

- Reviewing alignment of goals, major plans of action, annual budget and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget

- Ensuring the integrity of the Company's accounting and financial reporting systems, and that appropriate systems are in place for monitoring risk, financial control and compliance with the law
- Through the establishment of the Board Committees, making recommendations and taking decisions on issues of expenditure that may arise outside the normal meeting schedule of the full Board
- Ratifying duly approved recommendations and decisions of the Board Committees
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning and commercial strategies. The Board is responsible for satisfying itself that planning procedures and the Company's overall objectives are appropriate
- Periodic and regular review of actual business performance relative to established objectives
- Review and approval of internal controls and risk management policies and processes

3. Record of Directors' Attendance

In accordance with Section 258(2) of the Companies and Allied Matters Act (Cap. C20 Laws of the Federation of Nigeria 2004), the record of Directors' attendance and meetings during year 2010 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman, and the Board met five times during the year. Written notices of Board meetings, along with the agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

4. Committees of the Board

a. Finance and Strategic Planning Committee:

The Committee is made up of six members namely:

- | | | |
|--------------------------------|---|----------|
| 1. Chief (Dr.) Joseph Sanusi | - | Chairman |
| 2. Mr. Mobolaji Balogun | - | Director |
| 3. Mr. Emmanuel Oloruntoki | - | Director |
| 4. Mr. Samy Abdelkader | - | Director |
| 5. Professor Oyelowo Oyewo | - | Director |
| 6. Mr. Jean-Christophe Barbant | - | Director |

The Committee met eight times to review and make recommendations to the Board of Directors with respect to the Company's annual and long-term financial strategies and objectives.

b. Nomination and Remuneration Committee:

The Committee consists of five members namely:

- | | | |
|--------------------------------|---|----------|
| 1. Mr. John Stull | - | Chairman |
| 2. Mr. Jean-Christophe Barbant | - | Director |
| 3. Professor Oyelowo Oyewo | - | Director |
| 4. Chief (Dr.) Joseph Sanusi | - | Director |
| 5. Asiwaju Ademola Awosanya | - | Director |

The Committee meets as the need arises to review the composition of the Board, recommend skill mix and diversity required for appointment of new members to the Board and consider remuneration of Directors and senior executives of the Company.

c. Risk Management and Ethics Committee:

The Committee is made up of five members namely:

- | | | |
|--------------------------------|---|----------|
| 1. Mr. Jean-Christophe Barbant | - | Chairman |
| 2. Mrs. Oludewa Edodo-Thorpe | - | Director |
| 3. Asiwaju Ademola Awosanya | - | Director |
| 4. Mr. Isaiah Bingwa | - | Director |
| 5. Professor Oluremi Fayemi | - | Director |

Directors	Full Board Meeting	Finance and Strategic Planning Committee	Nomination and Remuneration Committee	Risk Management and Ethics Committee	Audit Committee	Property Optimisation Committee
Total Number of Meetings	5	8	-	3	4	4
Chief Olusegun Osunkeye, OON	5	N/A	N/A	N/A	N/A	N/A
Mr. John Stull	4	N/A	N/A	N/A	N/A	N/A
Mr. Samy Abdelkader	5	7	N/A	N/A	N/A	3
Mr. Emmanuel Oloruntoki	5	8	N/A	N/A	4	N/A
Mr. Guillaume Roux	3	N/A	N/A	N/A	N/A	N/A
Mr. Jean-Christophe Barbant	5	4	N/A	3	N/A	N/A
Asiwaju Ademola Awosanya	5	N/A	N/A	2	N/A	4
Chief (Dr.) Joseph Sanusi	5	8	N/A	N/A	4	N/A
Mr. Mobolaji Balogun	5	7	N/A	N/A	3	2
Professor Oyelowo Oyewo	5	6	N/A	N/A	N/A	4
Mrs. Oludewa Edodo-Thorpe	5	N/A	N/A	3	N/A	3
Mr. Isaiah Bingwa	4	N/A	N/A	2	N/A	N/A
Professor Oluremi Fayemi	4	N/A	N/A	3	N/A	N/A

The Committee met three times to consider the nature, extent and categories of the risks facing the Company and the likelihood of such risks materialising and other issues. The Committee monitors compliance of the Company regarding Health, Safety, Environment and Ethics.

d. Audit Committee:

The Committee comprises of six members namely:

- | | | | |
|----|---------------------------|---|----------|
| 1. | Mr. Olawale Oyedele | - | Chairman |
| 2. | Chief Peter Asu | - | Member |
| 3. | Mr. Adebayo Adeleke | - | Member |
| 4. | Chief (Dr.) Joseph Sanusi | - | Director |
| 5. | Mr. Mobolaji Balogun | - | Director |
| 6. | Mr. Emmanuel Oloruntoki | - | Director |

In accordance with Section 359 (5) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, the above members and Directors were elected and nominated pursuant to Section 359 (4) of the said Act and will serve on the Committee up to the conclusion of the 52nd Annual General Meeting. The meetings of the committee were held four times during the year. The functions of the Committee are provided in Section 359 (6) of the Companies and Allied Matters Act Cap. C.20, Laws of the Federation of Nigeria 2004.

e. Property Optimisation Committee:

The Committee is made up of five members namely:

- | | | | |
|----|---------------------------|---|----------|
| 1. | Professor Oyelowo Oyewo | - | Chairman |
| 2. | Mr. Samy Abdelkader | - | Director |
| 3. | Mr. Mobolaji Balogun | - | Director |
| 4. | Mrs. Oludewa Edodo-Thorpe | - | Director |
| 5. | Asiwaju Ademola Awosanya | - | Director |

The Committee met four times during the year to consider the optimisation of the Company's properties.

5. Management Team

The day-to-day management of the business is the responsibility of the Managing Director/Chief Executive Officer who is assisted by a Management Team made up of Heads of Departments in the Company. The Management Team meets at least once a month to deliberate on critical issues affecting the day-to-day running of the Company.

6. Insider Trading

The Board has ultimately the responsibility for the Company's compliance with the rules relating to insider trading. The Company's Directors are prohibited from dealing in the Company's shares at certain periods, in accordance with the Investment and Securities Act, 2007 and Lafarge WAPCO policy on insider trading.

7. Ethics and Code of Business Conduct

The Company has adopted the Lafarge WAPCO code on ethics and business conduct. All employees are aware of this Code and are required to observe the rules of business conduct in relation to the Company's business.

The Lafarge Code of Business Conduct workshop/training was organised for staff of the Company at different periods during the year.

As one of its responsibilities, the Audit Committee and the Board, approves, evaluates the extent of compliance and proffers suggestions, benchmarks and achievable objectives towards the realisation of the Company's policy on ethics. Management, in addition, presents an annual report on Ethics to the Audit Committee for review and evaluation.

8. Whistle Blowing

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviour costs the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders. All ethical abuses and fraud are reported through the Company's internal whistle blowing process.

9. Acquisition of Shares

The Company did not purchase any of its own shares during the year.

Major Shareholders	No. of shares	%
Nigerian		
Odu'a Group of Companies	154,238,349	5.14
Nigerian Public	1,046,353,527	34.86
	1,200,591,876	40.00
Foreign	1,801,008,128	60.00
Total	3,001,600,004	100.00

Lafarge SA is the foreign investor holding its shares in the name of its subsidiaries: AIC UK (36.481%), AIC Nigeria (23.041%) and Lafarge Nigeria Ltd (0.48%).

No one other than those listed above held more than 10% of the issued share capital of the Company as at 31st December, 2010.

10. Donations and Charitable Gifts

Donations and Charitable gifts amounted to N144,350,000.00; details of which are provided as follows:

Community Development Projects, Donations & Charitable Gifts	Naira
Community Development Projects (Ewekoro)	77, 000,000
Community Development Projects (Sagamu)	65,000,000
Commerce & Industry Correspondent Association of Nigeria (CICAN)	650, 000
The Nigeria Police, Ogun State Headquarters	200,000
Association of Public Health Physicians of Nigeria	150, 000
Nigerian Institute of Building	100, 000
National Institute of Marketing	300, 000
Nigerian Institute of Structural Engineers	150, 000
Others	800,000
TOTAL	144,350,000

No donation was made to any political party.

11. Audit Committee

In accordance with Section 359 (3) of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004), an Audit Committee of the Company was constituted at the 51st Annual General Meeting held in Lagos on 26th May, 2010 comprising three Directors and three shareholders namely Chief (Dr.) Joseph Sanusi, Mr. Mobolaji Balogun, Mr. Emmanuel Oloruntoki and Mr. Olawale Oyedele, Chief Peter Asu and Mr. Adeleke Adebayo.

12. Auditors

Akintola Williams Deloitte, Chartered Accountants notified the Board in writing that the Independent Auditor's report was signed by Mrs. U. I. Erobu, Senior Partner, Head of Audit. Mrs. U. I. Erobu is a member of the institute of Chartered Accountants of Nigeria (Membership No. 2278).

In accordance with Section 357(2) of the Companies and Allied Matters Act, Akintola Williams Deloitte, Chartered Accountants, have indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD

EDITH ONWUCHEKWA (MRS.)
Company Secretary/Legal Adviser

Dated this 29th day of March 2011.



FROM TOP LEFT TO RIGHT

- | | |
|--|--|
| <ul style="list-style-type: none"> 1. SAMY AHMED ABDELKADER
MD/CEO | <ul style="list-style-type: none"> 6. GUY CHAPERON
Project Director |
| <ul style="list-style-type: none"> 2. ALFRED AMOBI
Chief Financial Officer | <ul style="list-style-type: none"> 7. KOLA OLOWOKERE
Head of Supply Chain Division |
| <ul style="list-style-type: none"> 3. PAUL ROGERS
Technical Director | <ul style="list-style-type: none"> 8. JAMIU AJALA
GM, Corporate Service & Business Process Review |
| <ul style="list-style-type: none"> 4. SEFUNMI ADEWUMI
GM, Sales & Marketing | <ul style="list-style-type: none"> 9. TEMITOPE OGUNTOKUN (MRS.)
Head of Communications |
| <ul style="list-style-type: none"> 5. FIDELIA OSIME (MRS.)
GM, Human Resources | |



Raw Mill Grinding Workshop

Lakatabu Expansion Project

Lafarge WAPCO commenced the Lakatabu Project to increase its cement production capacity by approximately 2.2 million metric tonnes of cement per annum to enable the Company keep pace with the growth in the Nigerian cement market and maintain its market share. The new Cement Plant, located at Ewekoro, with a capacity of 1.65 million metric tonnes per annum of clinker, will use the dry process technology for cement production.

In addition to the cement production capacity expansion at Ewekoro, the Company is also taking advantage of this project to construct a Captive Power Plant in the vicinity of the Cement Plant. The Plant, which will be operated by natural gas and/or Low Pour Fuel Oil ("LPFO"), will have a capacity of 90MW, to supply the total electrical energy required for the operation of the new Cement Plant as well as the existing Ewekoro Plant.

Project Schedule

The project was conceptualised in December 2007, feasibility studies done and an Environmental Impact Assessment (EIA) study carried out. The relevant approvals and permits required from appropriate regulatory bodies and stakeholders have also been secured.

The construction phase commenced in mid 2008, and will be finalised in 2011.

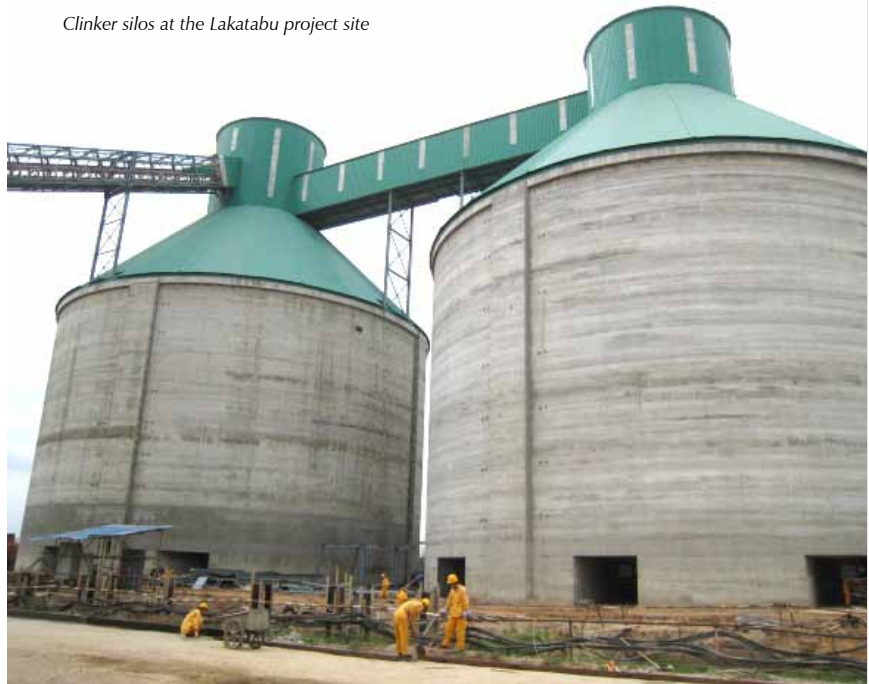
Project Progress

Notice to Proceed for the Cement Plant was given on July 14th 2008 and that of the Power Plant was given on January 13th 2009. A Contract for long belt conveyor for raw materials' transfer was signed in November 2008.

The construction of the Cement Plant has progress steadily with the crushing plant, long belts for raw materials' transport and materials' storage at advanced stage of completion. Raw mill is at pre-commissioning stage, and preheater, kiln and cooler are almost completed. Clinker conveying and storage silos are at advanced stage of completion while cement mills construction is progressing as planned. Packing Plant installation is also progressing well. The overall progress of work is in line with our projection of producing clinker in June and cement in August.

Preparation of the lorry park to accommodate empty and loaded cement trucks for our delivery operations has commenced. This park will take care of the trucks supporting our current operations as well as take care of the new cement volumes from our new Plant.

Clinker silos at the Lakatabu project site



Central Control Room and Administrative Block



Electrical Sub-station



Health & Safety: Core Priorities



Lafarge Cement WAPCO Nigeria Plc continues to see Health and Safety as its number one priority. Management is poised to further strengthen its stands in creating an injury-or accident-free workplace for its employees, contractors, transporters and visitors.



Peer Educators & Employees during a health campaign

For Lafarge WAPCO, 2010 was a year of achievements and challenges in Health and Safety. The achievements came with improved employee engagement and awareness in our key Health and Safety policies – Group standards and advisories.

It is important to note that there was no fatality and lost time incidence involving Lafarge employees in 2010, reflecting the huge awareness campaign and implementation of some key Group standards and advisories.

However, a key challenge is road transport. In tackling the menace of road accidents, the Group has published 3 Transport Advisories on Mobile Equipment, Logistics and People Transport for implementation.

We would work together to ensure the full implementation of the advisories. Senior Executive members of Lafarge WAPCO have all signed a Road Transport Health and Safety Policy as a sign of commitment in addressing the issues on Road Accidents. The training of Lafarge WAPCO and Transporter Drivers on defensive driving skills would continue to form our focus to change drivers' behaviour. In the spirit of continuous improvement, we have reviewed the course content for the "defensive driving" training in the light of recent challenges.

In addition to other aspects of Health and Safety, the Group Executive Committee has set three main priorities for 2011: Risk Management, Transport and Health. We would vigorously pursue the implementation of these advisories.

In 2008, Management engaged the service of DuPont, a renowned world leader in safety, to help in developing a safety culture and sustainable performance. Suffice to note that the desired cultural change is gradually happening.

By the end of 2010, a total of 67 Line Supervisors/Managers had received safety leadership training. In 2011, we will intensify our efforts in implementing the recommendations in the DuPont report. Going forward, we would continue to use the cross-functional and multi-disciplinary sub-committees (established to focus on some of the critical areas) to help improve our safety

performance and culture in an effective way by actively involving the Company Executives and senior managers. Management aims to improve Senior Managers' visibility on the shop floor and constructively engage with workforce on safety related matters.

Human Resources is also important to our business at Lafarge WAPCO. We believe that our people are our greatest asset; therefore, we are very passionate about the health and well being of our people.

In 2010, the number of employees medically examined increased to 735 from 675 in 2009; a reflection of improved health and wellness campaigns targeted towards general health issues in the workplace to help improve the quality of life. The Company established and commissioned two HIV Counseling and Testing (HCT) centres – one at the Head Office in Lagos and the other at Ewekoro Plant in Ogun State.

In 2011, we would leverage the skills and professionalism that marked the solid existence of our Company for the past 50 years to position our Health and Safety strategy in the path of achieving our ambition of creating an injury and occupation illness free work environment. It is therefore important that we make Health and Safety our way of life by doing our jobs in a safe manner as we aim to become one of the safest Business Units in Lafarge.



MD/CEO, Samy Abdelkader launching the Health & Safety Month at Sagamu Plant



Launch of the HIV Counselling & Testing Centre (HCT)

We believe that Lafarge WAPCO will only succeed in the long term if our actions respect the common interest. We carry out our operations in compliance with relevant laws, conduct our businesses in a way that is consistent with the principle of sustainable development and take into account views and opinions of our stakeholders.



A Lafarge plant

- Reduction in NO_x emission
- Waste reduction
- Reduction in consumption of finite natural resources per cement production
- Conservation of biodiversity at Plant sites and quarries
- Minimising exposure of our employees and the communities we work in to environmental, health and safety risks by engaging in Best Available Technologies (BAT) and operating procedures

In addition to regular internal environmental audits, both Sagamu and Ewekoro Plants were audited by Standard Organisation of Nigeria. Lafarge also appointed environmental auditors: SNC-Lavalin Canada, and SCN-Lavalin Egypt to audit our Sagamu Plant, while similar audit would be carried out at Ewekoro Plant in 2011. Screening of Sagamu Plant quarry for biodiversity was also carried out in 2010.

By virtue of consumption of finite natural resources, burning of fuel for operation, cement industries are classified as contributors of major impacts on the environment. Mitigating against this, Lafarge WAPCO has invested greatly in emission prevention, monitoring and abatement in its processes.

Lafarge WAPCO employs the services of reputable Nigerian environmental consultants in the monitoring of Plant emissions. In 2010, Environmental Scientifics Group, UK carried out emission monitoring tests at the two Plants.

Certification

The Certification of Ewekoro Plant to ISO 14001:2004 was renewed in 2010. The Plant site is retaining its certificate for the next 3 years, and is authorised to continue to display the certificate at site and on its products.

ISO 14001 represents compliance to International Organisation for Standardisation (ISO) standards on environmental management in line with International Organisation for Standardisation (ISO) guideline on environmental management system. Although the ISO 14001:2004 Certificate is not a condition for the registration of the Plant nor compulsory for doing business with our customers, Management has complied to best practice in Environmental Management System by going for the certification.

Sagamu Plant was first awarded the certificate in 2001, while Ewekoro Plant

bagged the certificate in 2007. The certificates were issued for 3 years, during which the Plants were permitted by International Organisation for Standardisation to carry the logo of the certificate on our products and sites.

Benefits of the certification include:

- Continual improvement of Plant's environmental performances
- Plant's enhanced global image
- Recognition as an environmentally compliant Plant
- Simplified Plant operation processes
- Advantage for financial sourcing from World Bank and other financial houses
- Reduction in operational cost

Performance Indicators

Our Environmental Performance Indicators include:

- Reduction in CO₂ emission
- Reduction in SO_x emission

Quarry Rehabilitation

Our Quarry rehabilitation addresses:

- Phased limestone exploration according to mining plan
- Waste rock mining and placement
- Water control and management
- Sustainable renaturation of quarry site
- Stabilisation of quarry site through appropriate canalisation



Developing People



Lafarge Cement WAPCO Nigeria Plc
www.lafargewapco.com

Recruitment of talents, People development and diversity were part of the key Human Resources priorities for Lafarge WAPCO in 2010. The Company engaged in recruitment at various levels, to fill positions in the old and new Plants, and create a pipeline of talents for future leadership.



The Company launched a programme tagged Plant Operating Model (POM), to focus on the development and certification of key skills at the Plants and certification of Control Room Operators, Inspectors and Planners. POM would also address the development of supervisory and management skills.

The Company was also engaged in various training programmes for both technical and non-technical staff. The trainings were conducted locally and internationally with reputable organisations.

A local technical training partnership was launched with the Federal Polytechnic, Ilaro. A curriculum to meet the specific needs of our technicians was developed by the Company in

collaboration with our Technical Centre in Cairo. The curriculum was broad based ranging from Technical report writing to Control Engineering, machine tools and bench fitting operations. The aim of the programme was to develop a strong team of technicians that could multi-skill.

As part of the people development plan, a significant number of our staff embarked on short missions and expatriation in Kenya, Turkey, Philippines, Cairo and the UK. It is planned that more staff would benefit from such exposure in 2011.

For the 4th year running, the campaign on Voluntary Counselling and Testing (VCT) has been sustained and enhanced with the commissioning of

the HIV Counselling and Testing Centre (HCT) at the three locations. We also became bonafide members of the Nigerian Business Coalition Against AIDS (NIBUCAAA).

In our bid to make our environment a safe place, we developed a Medical Emergency Response (MER) manual to help educate all staff on what to do in medical emergency situations. All employees were trained as first respondents, and there was a special training for first aiders at each location. First aid boxes have been mounted in strategy locations at our business sites.

Our medical staff were also trained on "Basic Life Support" and "Advanced Life Support". A new clinic, with up-to-date medical emergency facilities,



Staff at the 2010 Code of Business Conduct and Ethics Workshop



GM, HR, Fidelia Osime presenting the Long Service Award to Samuel Alabi for 20 years in service

was built in Sagamu while a Medical Emergency ward was built on the Kiln side in Ewekoro. The Head Office Clinic was also expanded to include a Medical Emergency Room.

The annual medical examination was carried out for all staff, and issues from the examination are being addressed.

A crèche was also commissioned at Elephant Cement House as part of our retention plan for our young female employees.

It is noteworthy that there was an emphasis on improving security of lives and property during the course of the year. Some of the initiatives included

CCTV cameras, access control doors, security radio control rooms and metal detectors.

During the year, key management staff were recruited in line with the Company's strategy to expand and increase productivity to meet the Company's strategic objectives.

CSR: Caring in a Sustainable Way

Education is the bedrock of a nation, just as an educated nation is a developed nation. These sayings underscore the passionate commitment of Lafarge WAPCO to the educational and socio-economic development of its communities...



Presentation of Bursary Awards to Community Scholars in Ewekoro

Lafarge WAPCO has consistently, over the years, provided bursary awards to secondary school students and undergraduates in Ewekoro and Sagamu.

In the same vein, the Company, since 2001, has instituted and maintained a Community Learning Centre for the training of community youths on Information Technology (IT). Last year, specifically on May 4, 2010, the Community Learning Centre was upgraded to an IT Academy by Microsoft. The IT Learning Centre has produced 4,060 graduates since the inception of the scheme in 2001.

Lafarge WAPCO has been socially responsible to the host communities, relating peacefully, sharing their joys and low moments and more significantly, concerned with the growth and development of these communities. Our

approach has been to maintain mutual and continuous relationships with our neighbouring local communities through the methods of carrying out our operations in the two communities where our plants are located (Sagamu and Ewekoro).

In order to maximise the impact of our Corporate Social Responsibility (CSR), we have carefully defined our priority CSR focus areas as:

- Health & Safety
- Education
- Youth Empowerment
- Provision of basic infrastructures
- Agricultural aids

To this extent, we have initiated and supported projects that have improved the welfare and the standard of living of the people within and outside our neighbouring communities.

We have a platform through which the community development projects are executed. We equally have an approach of involving the community in all stages of projects from conception, decision making to implementation, which to a large extent, has ensured peaceful co-existence between the Company and the communities.

At each of our plant, we have the Community Development Committee in place comprising of reputable members of the community endorsed by the community leaders as representatives of the community. Meetings are regularly held with our community representatives to discuss issues, as they affect common interest of both the communities and the Company.

Aside our social investment to our host communities, Lafarge WAPCO also supports other community activities.

Between 2006 and 2010, Lafarge WAPCO committed the sum of N570 million to the development of its host communities.

In 2010, a sum of N142 million was committed to the following development projects in Sagamu and Ewekoro where our plants are situated:

EDUCATION

EWEKORO

- Bursary Awards given to 98 undergraduates in various Tertiary Institutions across the country
- Provision of 125,666 exercise books and biros in different schools for the use of Community students
- Upgrading of Community Learning Centres to Microsoft Academy

SAGAMU

- Provision of 280,100 Exercise books for 52 Public Primary Schools
- Bursary Awards given to 85 Community Undergraduates
- Upgrading of Community IT Learning Centre into Microsoft Academy

YOUTH EMPOWERMENT

EWEKORO

- Provision of vocational tools to 19 persons (A complete computer set and printer, 2 sets of Hair Dryers and Tools, 9 Motorcycles and 5 Chest Deep Freezers)
- 49 persons were given capital to start businesses of their choice

SAGAMU

- Skill Acquisition - 100 Artisans trained in different vocations
- Youth Empowerment - 176 Artisan Youths empowered with working tools

AGRICULTURAL AID

EWEKORO

- Provision of financial support to 103 Peasant Farmers
- Donation of a Tractor for mechanised farming

SAGAMU

- Maintenance of indigenous big-scale Fish Farming Project

CARE FOR THE AGED

EWEKORO

- Provision of Relief Materials to 117 old people



Presentation of working tools to a Community Youth in Sagamu



Care for the Elderly in Ewekoro

INFRASTRUCTURE SUPPORT

EWEKORO

- Olujobi - Olujobi Bridge
- Lapeleke - Road Construction
- Alaguntan - Road Construction
- Elebute - Provision of Town Hall and Portable Water (Borehole)
- Itori - Drainage Construction
- Papalanto - Provision of Toilet
- Ewekoro - Provision of Portable Water (Borehole)
- Egbado Ajegunle - Construction of 1320 metres' Drainage
- Akinbo - Culvert Construction
- Oke-Oko Egbado - Furnishing and Plumbing of Town Hall and Road Construction
- Oke-Oko Sekoni - Provision of Town Hall

SAGAMU

- Provision of Potable Water: 26 Boreholes sunk at different locations
- Maintenance of Deep wells and Boreholes across Sagamu community
- Maintenance of Sagamu Community Development Council Resource Centre

SPORTS

- Sponsorship of Annual Lafarge-Remo Football Competition

SECURITY

- Annual financial support and provision of 9 motorcycles to local vigilantes

Ewekoro Peers and Spouse Educators at Papalanto High School on World AIDS Day



Health Peer Educators at Lagos State Technical College, Agidingbi, Ikeja, Lagos



Lafarge WAPCO Management with the Community Representatives receiving the certificate of accreditation



Ewekoro Peer Educator at Onipapa of Papa palace on 2010 World AIDS Day



The **Accounts**

36	Report of the Independent Auditors
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TO THE MEMBERS OF LAFARGE CEMENT WAPCO NIGERIA PLC

We have audited the accompanying financial statements of Lafarge Cement WAPCO Nigeria Plc, set out on pages 38 to 55 which comprise the balance sheet as at 31 December 2010, the income statement, statement of cash flows, statement of value added for the year then ended, statement of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 auditors consider internal control

relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 present fairly, in all material respects, the financial position of Lafarge Cement WAPCO Nigeria Plc as at 31 December 2010, and of its financial performance and its cash flows for the year then ended; the Company has kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and, in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Akinola Williams Deloitte

Chartered Accountants
Lagos, Nigeria

29 March 2011





FROM LEFT TO RIGHT

1. Mr. OLAWALE OYEDELE
Chairman

2. Chief PETER ASU
Member

3. Mr. ADEBAYO ADELEKE
Member

4. Chief (Dr.) JOSEPH SANUSI
Director

5. MOBOLAJI BALOGUN ESQ.
Director

6. EMMANUEL OLORUNTOKI ESQ.
Director

In accordance with Section 359 (6) of the Companies and Allied Matter Act 2004, we have:

- (a) Reviewed the scope and planning of the audit requirements.
- (b) Reviewed the external Auditors' Memorandum of Recommendations on accounting policies and together with Management responses.
- (c) Ascertained that the accounting and reporting policies of the Company for the year ended 31st December 2010 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2010 were adequate and Management's responses to the Auditors' findings were satisfactory.

Mr. O. O. Oyedele
Chairman, Audit Committee
Dated 14 March, 2011

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

The principal accounting policies adopted by the Company in the preparation of these financial statements are set out below:

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost basis as modified by the revaluation of fixed assets carried out in 1976.

2. TURNOVER

Turnover represents the amount received for goods invoiced to customers by the Company net of Value Added Tax.

3. FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation. Periodic physical verification of fixed assets is usually carried out.

4. DEPRECIATION

Depreciation is provided on cost or valuation by equal annual amounts over the estimated useful life of the assets. Estimates of assets' useful lives vary considerably but are typically at the following rates per annum:

	%
Leasehold Land and Buildings	
Leasehold Land	Nil
Buildings	$3\frac{1}{3}$
Production Plant:	
Plant and Machinery	$3\frac{1}{3}$
Ancillary Plant and Equipment	20
Mobile Plant	20
Small Tools	$33\frac{1}{3}$
Furniture, Equipment and Vehicles:	
Fixtures	20
Computer and Information Technology Equipment	$33\frac{1}{3}$
Motor Vehicles	
- Saloon Cars	20
- Trucks	$16\frac{2}{3}$
- Trailers	$8\frac{1}{3}$

No depreciation is provided in respect of capital work-in-progress.

5. DEBTORS

Debtors are stated after making specific provision for debts considered doubtful of recovery.

6. STOCKS

Stocks are stated at the lower of cost and net realisable value. Raw materials, which include purchase cost and other cost incurred to bring the materials to their location and condition, are valued using weighted average cost. Finished goods and work-in-progress, which include direct labour and factory overheads, are valued using standard cost and adjusted to actual cost. Engineering spare parts and other consumables are valued at weighted average cost after making provision for obsolete and damaged stocks. Engineering spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated at the lower of their useful life or over the useful life of the assets in which they are held.

7. INVESTMENTS

Investments are classified as short-term or long-term investments.

i) Short-term investments

Debt and equity securities held for a period not exceeding one year are classified as short-term investments.

ii) Long-term investments

Investments intended to be held for over a period exceeding one year, which are either held to maturity or available for sale in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as long-term investments.

iii) Valuation

- a) Quoted investments other than dated securities are stated:
 - At the lower of cost and market value for short-term investments;
 - At cost for long-term investments. Provision is made for permanent diminution in the value of the investments.
- b) Unquoted investments are held as long-term and stated at cost less provision for diminution in value.
- c) Dated securities are stated at cost.

8. INTEREST COST

Borrowing costs relating to capital expenditure are capitalised in the period in which they are incurred in accordance with the provision of International Accounting Standard No. 23.

9. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. Foreign currency balances are converted to Naira at the rates of exchange ruling at the balance sheet date. All differences arising therefrom are taken to the profit and loss account.

10. TAXATION

Income tax payable is provided on taxable profits at the current rate.

11. DEFERRED TAXATION

Deferred taxation, which arises principally from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on the difference between depreciation charged in the accounts and the capital allowances claimable for tax.

12. PENSION FUND AND TERMINAL GRATUITIES

The Company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from employees (7½%) and the Company (15%), is consistent with the provisions of the Pension Reform Act 2004. In addition, full provision is made in the financial statements for liabilities due at the Balance Sheet date in respect of employees' terminal gratuities based on actuarial valuation in line with SAS 8. The provision is not funded.

13. PROVISIONS

Provisions are recognised when the Company has present obligation, whether legal or constructive, as a result of a past event for which 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 the amount of the obligation in accordance with SAS 23.

14. EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares issued and fully paid during the year.

15. DIVIDENDS

Dividends to shareholders are recognised as liabilities only when declared and agreed by the shareholders at the Annual General Meeting.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 N'000	2009 N'000
Turnover	2	43,841,325	45,589,798
Cost of sales		<u>(31,859,746)</u>	<u>(32,089,034)</u>
Gross profit		11,981,579	13,500,764
Distribution and administration expenses		<u>(3,746,806)</u>	<u>(5,224,168)</u>
Operating profit		8,234,773	8,276,596
Other income	3	162,901	189,945
Interest income		<u>66,691</u>	<u>489,175</u>
Profit before exceptional items and taxation	4	8,464,365	8,955,716
Exceptional items	5	<u>-</u>	<u>281,612</u>
Profit before taxation		8,464,365	9,237,328
Taxation	6	<u>(3,583,002)</u>	<u>(4,181,930)</u>
Retained profit for the year	18	<u><u>4,881,363</u></u>	<u><u>5,055,398</u></u>
Per share data (Kobo):			
Earnings - Basic		<u><u>163</u></u>	<u><u>168</u></u>

The accounting policies on pages 38 and 39 and the notes on pages 43 to 53 form an integral part of these financial statements.

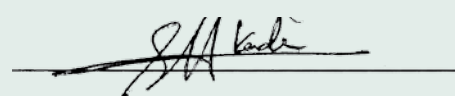
BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010 N'000	2009 N'000
FIXED ASSETS	7	100,751,762	69,680,809
LONG TERM INVESTMENTS	8	60,206	60,206
		<u>100,811,968</u>	<u>69,741,015</u>
CURRENT ASSETS			
Stocks	9	9,728,462	12,517,380
Trade debtors		569,576	185,277
Other debtors and prepayments	10	1,555,832	842,841
Due from related companies	21	566,834	235,206
Deposit for imports		-	13,644
Cash at bank and in hand		5,248,241	3,627,704
		<u>17,668,945</u>	<u>17,422,052</u>
CREDITORS: Amounts falling due within one year			
Bank overdraft		1,411,535	-
Trade Creditors		2,113,675	2,521,613
Other creditors and accruals	11	7,368,080	6,051,723
Provisions	12	295,000	333,159
Term loans	13	45,183,245	-
Due to related companies	21	865,520	723,299
Taxation	6	833,016	1,044,480
		<u>58,070,071</u>	<u>10,674,274</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(40,401,126)</u>	<u>6,747,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		60,410,842	76,488,793
Deferred taxation	15	(8,532,311)	(5,183,429)
CREDITORS: Amounts falling due after one year			
Term loans	13	-	(24,793,394)
PROVISIONS FOR LIABILITIES AND CHARGES			
Gratuity provision	16	(3,586,770)	(2,801,412)
		<u>48,291,761</u>	<u>43,710,558</u>
CAPITAL AND RESERVES			
Share capital	17	1,500,800	1,500,800
Share premium		9,488,747	9,488,747
Revaluation reserve		3,176	3,176
Revenue reserve	18	37,299,038	32,717,835
		<u>48,291,761</u>	<u>43,710,558</u>

The financial statements on pages 40 to 55 were approved by the Board of Directors on 29 March 2011 and signed on its behalf by:



Chairman



Managing Director

Directors

The accounting policies on pages 38 and 39 and the notes on pages 43 to 53 form an integral part of these financial statements.

STATEMENT OF CASH FLOW
FOR THE ENDED 31 DECEMBER 2010

	Note	2010 N'000	2009 N'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		44,617,333	47,701,418
Cash paid to suppliers and employees		(31,961,035)	(37,222,125)
Value added tax (net)		382,411	(399,459)
Income tax paid	6	<u>(445,584)</u>	<u>(620,402)</u>
Net cash provided by operating activities	19.1	<u>12,593,125</u>	<u>9,459,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		66,691	489,175
Purchase of fixed assets	7.4	(28,913,209)	(27,262,072)
Proceeds from sale of fixed assets	10.2	<u>47,222</u>	<u>7,612</u>
Net cash provided by investing activities		<u>(28,799,296)</u>	<u>(26,765,285)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	7.4	(3,674,518)	(919,581)
Term loans (net)	13	20,389,851	17,680,850
Dividend paid	14	<u>(300,160)</u>	<u>(1,801,789)</u>
Net cash provided by financing activities		<u>16,415,173</u>	<u>14,959,480</u>
Net increase/(decrease) in cash and cash equivalents		209,002	(2,346,373)
Cash and cash equivalents at 1 January		<u>3,627,704</u>	<u>5,974,077</u>
Cash and cash equivalents at 31 December	19.2	<u>3,836,706</u>	<u>3,627,704</u>

1. THE COMPANY**1.1 Legal Form**

Lafarge Cement WAPCO Nigeria Plc was incorporated on 26 February, 1959 and commenced business on 3 December 1960.

1.2 Principal activities

The Company engages in the manufacturing and sale of cement. Lafarge SA, the majority shareholder, provides the Company with technical services under a Technical Service Agreement.

2. TURNOVER

Turnover represents the net amount of goods invoiced to customers within Nigeria.

	2010 N'000	2009 N'000
3. OTHER INCOME		
Rental income	89,609	91,503
Scrap sales	52,138	98,442
Profit on disposal of fixed assets	21,154	-
	<u>162,901</u>	<u>189,945</u>
4. PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING/(CREDITING):		
Directors' emoluments	66,732	68,587
Staff costs (Note 20)	3,569,689	3,538,510
Depreciation (Note 7.3)	1,814,822	1,576,148
Auditors' remuneration	28,266	28,266
(Profit)/loss on disposal of fixed assets	(21,154)	38,181
Royalties (Note 21.4)	810,803	842,004
Interest income	(66,691)	(489,175)
Exchange loss	28,019	1,370,734
	<u>28,019</u>	<u>1,370,734</u>

	2010 N'000	2009 N'000
5. EXCEPTIONAL ITEM		
Insurance claims:		
- Flood incidence in 2007	-	67,681
- Damage on Vertical Raw Mill gear box	-	213,931
	<u>-</u>	<u>281,612</u>
	<u>-</u>	<u>281,612</u>
6. TAXATION		
6.1 Per profit and loss		
Income tax based on profit for the year (Note 6.5)	-	-
Education tax	234,120	453,077
	<u>234,120</u>	<u>453,077</u>
Deferred tax (Note 15)	3,348,882	3,728,853
	<u>3,583,002</u>	<u>4,181,930</u>
6.2 Per balance sheet		
At 1 January	1,044,480	1,211,805
Charge for the year	234,120	453,077
Payment during the year	(445,584)	(620,402)
At 31 December	<u>833,016</u>	<u>1,044,480</u>

6.3 The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C20 LFN 2004 as amended and the Education Tax Act, CAP E4 LFN 2004.

6.4 The Company has adopted the Statement of Accounting Standard, SAS 19 on deferred taxation, which is computed using the liability method.

6.5 The Company's pioneer period ended in August 2008. There was no income tax provision during the year because of the utilisation of unrecouped capital allowances for the period. The unrecouped capital allowances carried forward as at 31 December 2010 stood at N47.4 billion (2009 - N24.3 billion).

7. FIXED ASSETS

	Leasehold Land and Buildings N'000	Production Plant N'000	Furniture, Equipment and vehicles N'000	Capital work-in-progress N'000	Total N'000
Cost/valuation					
At 1 January	1,689,969	35,035,585	3,730,860	41,620,158	82,076,572
Additions	-	446,894	-	32,587,727	33,034,621
Transfers	297,175	5,304,919	143,034	(5,745,128)	-
Disposals	-	(566,998)	(2,391)	-	(569,389)
At 31 December	<u>1,987,144</u>	<u>40,220,400</u>	<u>3,871,503</u>	<u>68,462,757</u>	<u>114,541,804</u>
Depreciation					
At 1 January	508,678	8,680,664	3,206,421	-	12,395,763
Charge for the year	65,221	1,489,428	260,173	-	1,814,822
On disposals	-	(418,152)	(2,391)	-	(420,543)
At 31 December	<u>573,899</u>	<u>9,751,940</u>	<u>3,464,203</u>	<u>-</u>	<u>13,790,042</u>
Net book value					
At 31 December 2010	<u>1,413,245</u>	<u>30,468,460</u>	<u>407,300</u>	<u>68,462,757</u>	<u>100,751,762</u>
At 31 December 2009	<u>1,181,291</u>	<u>26,354,921</u>	<u>524,439</u>	<u>41,620,158</u>	<u>69,680,809</u>

7.1 The fixed assets were revalued in 1976 and are included at the valuation with subsequent additions at cost.

	2010 N'000	2009 N'000
7.2 Leasehold land and buildings comprise:		
Over 50 years of unexpired leases	1,448,757	1,654,869
Under 50 years of unexpired leases	<u>538,387</u>	<u>35,100</u>
	<u>1,987,144</u>	<u>1,689,969</u>
7.3 Depreciation charged in the year is included in:		
Production expenses	1,615,767	1,419,375
Administration expenses	<u>199,055</u>	<u>156,773</u>
	<u>1,814,822</u>	<u>1,576,148</u>
7.4 Additions to fixed assets during the year comprise:		
Tangible fixed assets	28,913,209	27,262,072
Spare parts capitalised (Note 7.5)	446,894	-
Interest capitalised	<u>3,674,518</u>	<u>919,581</u>
	<u>33,034,621</u>	<u>28,181,653</u>

7.5 Spare parts with unit cost above N6 million (30,000 Euros) as at 31 December 2010 representing N446.89 million were capitalised in line with the group policy on capitalisation of spares.

	2010 N'000	2009 N'000
8. LONG TERM INVESTMENTS		
Unquoted investments:		
Nigerian Kraft Bags Limited (Note 8.1)	21,436	21,436
Nigerian Foundries Limited (Note 8.2)	<u>40,000</u>	<u>40,000</u>
	61,436	61,436
Provision for diminution in value	<u>(1,230)</u>	<u>(1,230)</u>
	<u>60,206</u>	<u>60,206</u>

8.1 Nigerian Kraft Bags (NKB) Limited is a private company limited by shares. The Company held 56.2% shares in NKB Limited, Odua Investment had 41.7% and 2.1% is held by other investors. NKB Limited operation is moribund and is in the process of being liquidated. The landed properties of NKB Limited were taken over by the Company in 2008 under a special arrangement, however, the legal title is yet to be perfected. The financial statements of NKB Limited are not consolidated in these financial statements as this does not have material effect.

8.2 Nigerian Foundries Limited (NFL) is also a private company limited by shares. The Company holds 11.25% shareholding in NFL.

	2010 N'000	2009 N'000
9. STOCKS		
Raw materials	2,556,943	4,557,188
Work in progress	2,573,424	1,227,417
Finished goods	211,284	558,118
Goods in transit	30,385	142,573
Engineering and consumable stores	<u>4,974,792</u>	<u>6,557,084</u>
	10,346,828	13,042,380
Provision for obsolescence and slow-moving items	<u>(618,366)</u>	<u>(525,000)</u>
	<u>9,728,462</u>	<u>12,517,380</u>
10. OTHER DEBTORS AND PREPAYMENTS		
Prepaid rent and insurance	295,507	157,497
Prepaid interest on loan	-	215,400
Prepaid overburden cost (Note 10.1)	521,526	-
Staff balances	71,051	19,173
Advance payments to suppliers	358,744	57,811
Amount due from Macmahon (Note 10.2)	122,778	-
Deferred overburden charges	131,684	-
Value added tax	-	302,277
Other receivables	<u>54,542</u>	<u>90,683</u>
	<u>1,555,832</u>	<u>842,841</u>

10. OTHER DEBTORS AND PREPAYMENTS (Contd)

10.1 This relates to prepaid expenses in Sagamu Plant in respect of quarry overburden cost paid to contractors. The cost is amortised monthly based on monthly extraction reports.

10.2 The Company outsourced its quarry operation at Ewekoro Plant to Macmahon Contractors Nigeria Limited effective from March 2010. As part of the agreement, the Company disposed quarry equipment to Macmahon for a purchase price of N170.0 million, (Net book value N148.8 million) payable in 36 monthly equal installments of N4.7 million from the contractor's monthly claims. The amount received during the year and outstanding balance as at 31 December 2010 stood at N47.2 million and N122.8 million respectively.

	2010 N'000	2009 N'000
11. OTHER CREDITORS AND ACCRUALS		
Customers' deposits	4,681,237	3,662,677
Value added tax	80,134	-
Accrued expenses	2,165,944	1,296,916
Other creditors	61,032	534,389
Accrued interest payable	188,692	91,526
Withholding tax payable	134,492	466,153
Pension fund payable (Note 11.1)	56,549	62
	<u>7,368,080</u>	<u>6,051,723</u>
11.1 Pension fund payable		
At 1 January	62	-
Contributions during the year	263,691	229,261
Remittance during the year	(207,204)	(229,199)
At 31 December	<u>56,549</u>	<u>62</u>

12. PROVISIONS

	1 January 2010 N'000	Addition N'000	Utilised N'000	31 December 2010 N'000
Site rehabilitation	56,274	20,000	(56,274)	20,000
Employee performance incentive	276,885	270,988	(272,873)	275,000
	<u>333,159</u>	<u>290,988</u>	<u>(329,147)</u>	<u>295,000</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

	2010 N'000	2009 N'000
13. TERM LOANS		
At 1 January	24,793,394	7,112,544
Additions during the year	20,389,851	24,793,394
Repayments during the year	-	(7,112,544)
At 31 December	<u>45,183,245</u>	<u>24,793,394</u>
Current portion:		
Falling due within one year	<u>45,183,245</u>	-
Non-current portion:		
Falling due within 1-2 years	-	862,312
Falling due within 2-5 years	-	<u>23,931,082</u>
	-	<u>24,793,394</u>
	<u>45,183,245</u>	<u>24,793,394</u>
The outstanding amounts due to the lenders are as follows:		
Standard Chartered Bank, London	3,917,204	3,905,200
Guaranty Trust Bank Plc	8,938,748	3,875,515
China Construction Bank Corporation	1,506,617	1,502,000
Standard Bank of South Africa Limited	1,845,606	1,839,950
Citibank Nigeria Limited	2,259,925	2,253,000
First Bank of Nigeria Plc	5,000,000	1,360,205
Stanbic IBTC Bank Plc	10,325,145	6,958,989
Union Bank of Nigeria Plc	3,390,000	922,219
Access Bank Plc	1,600,000	435,263
Bank PHB Plc	1,600,000	435,263
Ecobank Nigeria Plc	3,200,000	870,527
First City Monument Bank Plc	<u>1,600,000</u>	<u>435,263</u>
	<u>45,183,245</u>	<u>24,793,394</u>

The Medium Term Loan is made up of US\$114.5 million and N27.9 billion syndicated loan facilities, and are governed by the Common Terms Agreement dated 26 May 2009. The Mandated Lead Arrangers for the syndicated loan facilities are Stanbic IBTC Bank Plc, Guaranty Trust Bank Plc and Standard Chartered Bank Limited. The USD loan and Naira loan are for periods of 45 and 60 months respectively effective from May 2009, with moratorium periods of 30 and 45 months respectively and are repayable quarterly. The USD loan and the Naira loan are subject to interest rate at 90 days US\$ LIBOR rate plus 4% margin per annum and 90 days NIBOR rate plus 1.5% margin per annum respectively payable quarterly. Security on the facilities is a fixed and floating charge over the Company's existing and future assets. Both facilities have been fully utilised as at 31 December 2010.

In December 2010, in the context of its current and future investments, the Company started re-negotiation of its medium term debt and made request for additional financing to complete its capacity expansion project. This was successfully concluded in February 2011. The debt was classified as short term in compliance with International Accounting Standards (IAS) No. 1 (74), even though the facilities remain medium term with N42.92 billion falling due after 12 months. The expansion project is under commissioning with first production expected in May 2011.

	2010 N'000	2009 N'000
14. DIVIDEND PAYABLE		
At 1 January	-	829
Prior year dividend (Note 18)	300,160	1,800,960
Payments during the year	<u>(300,160)</u>	<u>(1,801,789)</u>
At 31 December	<u>-</u>	<u>-</u>
15. DEFERRED TAXATION		
At 1 January	5,183,429	1,454,576
Arising during the year	<u>3,348,882</u>	<u>3,728,853</u>
At 31 December	<u>8,532,311</u>	<u>5,183,429</u>
16. GRATUITY PROVISION		
At 1 January	2,801,412	1,758,345
Provision for the year	833,513	1,294,452
Payments during the year	<u>(48,155)</u>	<u>(251,385)</u>
At 31 December	<u>3,586,770</u>	<u>2,801,412</u>
17. SHARE CAPITAL		
Authorised:		
4,573,866,672 Ordinary Shares of 50k each	<u>2,286,933</u>	<u>2,286,933</u>
Issued and fully paid:		
3,001,600,004 Ordinary Shares of 50k each	<u>1,500,800</u>	<u>1,500,800</u>
18. REVENUE RESERVE		
At 1 January	32,717,835	29,463,397
Prior year dividend (Note 14)	(300,160)	(1,800,960)
Retained profit for the year	<u>4,881,363</u>	<u>5,055,398</u>
At 31 December	<u>37,299,038</u>	<u>32,717,835</u>

On 26 May 2010, a dividend of 10 kobo per ordinary share representing total dividend of N300.2 million (2009: 60 kobo per ordinary share totaling N1.8 billion) was approved by shareholders and subsequently paid during the year net of withholding taxes.

In respect of the current year, the Directors propose that a dividend of 25 kobo per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 9 May 2011. The total estimated dividend payable is N750.4 million.

	2010 N'000	2009 N'000
19. NOTES TO THE STATEMENT OF CASH FLOWS		
19.1 Reconciliation of net income to net cash provided by operating activities		
Profit after tax	4,881,363	5,055,398
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	1,814,822	1,576,148
(Profit)/loss on disposal of fixed assets	(21,154)	38,181
Interest income	(66,691)	(489,175)
Capitalised spares	(446,894)	-
Changes in assets and liabilities:		
Decrease/(increase) in stocks	2,788,918	(2,434,092)
Increase in trade debtors	(384,299)	(19,352)
(Increase)/decrease in other debtors and prepayments	(590,213)	778,074
Increase in due from related companies	(331,628)	(144,590)
Decrease in deposit for imports	13,644	638,648
(Decrease)/increase in trade creditors	(407,938)	314,928
Increase/(decrease) in other creditors and accruals	1,316,357	(94,466)
Decrease in provisions	(38,159)	(347,197)
Increase/(decrease) in due to related companies	142,221	(17,668)
Increase in gratuity provision	785,358	1,043,067
Increase in deferred taxation	3,348,882	3,728,85
Decrease in income tax	(211,464)	(167,325)
Total adjustments	7,711,762	4,404,034
Net cash provided by operating activities	12,593,125	9,459,432
19.2 Cash and cash equivalents		
Cash in hand and at bank	5,248,241	3,627,704
Bank overdraft	(1,411,535)	-
	3,836,706	3,627,704

20. DIRECTORS AND EMPLOYEES

Analysis of the Company's average number of employees including Executive Directors was:

	Number	Number
Production	551	516
Sales and distribution	170	91
Administration	100	76
	821	683

	2010 N'000	2009 N'000
20. DIRECTORS AND EMPLOYEES (Contd)		
Staff costs relating to the above were:		
Salaries and wages	2,516,367	2,036,891
Retirement benefit	833,513	1,294,525
Medical and welfare	164,598	158,494
Other benefits	55,211	48,600
	<u>3,569,689</u>	<u>3,538,510</u>
Emoluments of Directors of the Company were:		
Directors' fees	5,870	4,507
Other emoluments	60,862	64,080
	<u>66,732</u>	<u>68,587</u>
Fees and other emoluments above included amount paid to:		
The Chairman	650	650
The highest paid Director	19,735	18,795
	<u>19,735</u>	<u>18,795</u>

The table below shows the number of Directors of the Company (excluding the Chairman) whose emoluments during the year, excluding allowances, fell within the bands shown below:

Emoluments N	N	2010 Number	2009 Number
400,001 -	500,000	6	8
Above 12,000,000		3	3
		<u>9</u>	<u>11</u>
Directors not collecting emoluments		3	2
		<u>3</u>	<u>2</u>

The table below shows the number of employees of the Company in receipt of emoluments, excluding allowances and pension costs, within the following bands during the year:

Emoluments N	N	2010 Number	2009 Number
500,001 -	1,000,000	245	240
1,000,001 -	1,500,000	58	46
1,500,001 -	2,000,000	264	264
2,000,001 -	2,500,000	94	53
2,500,001 -	3,000,000	68	9
3,000,001 -	3,500,000	7	3
3,500,001 -	4,000,000	21	17
4,000,001 -	4,500,000	2	-
4,500,001 -	5,000,000	16	20
5,000,001 -	5,500,000	9	2
5,500,001 -	6,000,000	2	9
6,000,001 -	6,500,000	1	-
6,500,001 -	7,000,000	-	1
Above 7,000,000		34	19
		<u>821</u>	<u>683</u>

	2010 N'000	2009 N'000
21 RELATED PARTY TRANSACTIONS		
21.1 The following transactions were carried out with related parties during the year:		
Purchases of goods		
SCB Lafarge, Benin	-	603,871
21.2 Amounts due from related companies		
Lafarge Gypsum	-	42,235
AshakaCem Plc	-	5,859
Lafarge Nigeria	471,493	187,112
SCB Lafarge, Benin	4,896	-
United Cement Company of Nigeria	42,117	-
Atlas Cement Company Limited	25,789	-
Lafarge ReadyMix Limited	20,661	-
Lafarge CTC Cairo	1,878	-
	<u>566,834</u>	<u>235,206</u>
21.3 Amounts due to related companies		
Nigeria Kraft Bags Limited	98,849	98,849
Lafarge Corp	145,832	154,406
Lafarge SA	503,487	389,690
Lafarge Africa Procurement Service	21,121	15,770
Atlas Cement Company Limited	-	7,558
Lafarge ZA (South Africa)	57,186	25,701
Lafarge Cementos	16,508	-
AshakaCem Plc	22,537	31,325
	<u>865,520</u>	<u>723,299</u>

21.4 Technical Know-How and Business Support Agreement

The Company has entered into an Industrial Franchise Agreement and a Service Agreement with Lafarge SA of France. The terms of the agreements include:

The right for Lafarge Cement WAPCO Nigeria Plc to use technical research and development information relating to production and distribution of cement products.

The provision by Lafarge SA of technical and operational support through the secondment of suitably qualified expatriate personnel, as requested by Lafarge Cement WAPCO Nigeria Plc and approved by the Federal Government of Nigeria.

The guarantee by Lafarge SA of the achievement of raw material reserves and production targets by Lafarge Cement WAPCO Nigeria Plc.

The payment by Lafarge Cement WAPCO Nigeria Plc to Lafarge SA of a fee of 2% of net sales for the Industrial Franchise Agreement, which amounted to N810.8 million at 31 December 2010 (2009: N842.0 million). Net sales means turnover less cost of cement haulage to customers.

The fee payable for the Service Agreement is based on a scale of fee depending on the level of service provided.

21.5 The related party transactions were carried out on commercial terms and conditions, and hence the Directors are of the opinion that there are no conflict of interests.

	2010 N'000	2009 N'000
22. COMMITMENTS AND CONTINGENCIES		
22.1 Capital commitments		
Capital expenditure approved but not contracted	<u>102,500</u>	<u>801,778</u>

22.2 Retirement benefits

Retirement benefits are funded by contributions from the Company and the employees in accordance with the provisions of the Pension Reform Act 2004. Employees and Employer contribute 7.5% and 15% of the applicable emoluments respectively.

The Company also operates an unfunded gratuity scheme by setting up provisions within the Company. Full provision is made in the financial statements for liabilities due at the Balance Sheet date in respect of employees' terminal gratuities based on actuarial valuation in line with SAS 8.

The costs associated with the schemes are charged to the profit and loss account for the year.

22.3 Other contingencies

As at 31 December 2010, there were contingent liabilities in respect of litigations against the Company amounting to N1.2 billion (2009: N1.4 billion). The Directors are of the opinion that no material liability is likely to arise from this.

In 2003, a long-term purchase agreement was signed by the Company for the supply of electrical power at its Ewekoro Plant. The agreement is for fifteen (15) years and came into effect during 2004. This commits the Company to a total of US\$14.6m on a reducing balance basis over the duration of the purchase agreement. The commitment as at 31 December 2010 stood at US\$9.2 million (2009: US\$10.2 million).

22.4 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the Company's state of affairs, have been taken into account in the preparation of these financial statements.

23. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which would have had any material effect on the balance sheet and the profit for the year ended on that date, which have not been adequately provided for or disclosed in the financial statements.

24. COMPARATIVE FIGURES

Certain figures relating to the previous year have been restated in these financial statements to conform with the current year classification.

STATEMENT OF VALUE ADDED

YEAR ENDED 31 DECEMBER 2010

	2010 N'000	%	2009 N'000	%
Sale of products and services	43,841,325		45,589,798	
Other income	162,901		189,945	
Interest income	66,691		489,175	
Bought in materials and services:				
- Imported	(4,209,775)		(8,279,274)	
- Local	(26,012,266)		(23,637,658)	
Value Added	<u>13,848,876</u>	<u>100</u>	<u>14,351,986</u>	<u>100</u>
Applied as follows:				
To pay employees	3,569,689	26	3,538,510	25
To pay income tax	234,120	2	453,077	3
To provide for assets replacement	1,814,822	13	1,576,148	11
Deferred taxation	3,348,882	24	3,728,853	26
Retained profit for the year	<u>4,881,363</u>	<u>35</u>	<u>5,055,398</u>	<u>35</u>
	<u>13,848,876</u>	<u>100</u>	<u>14,351,986</u>	<u>100</u>

Value added represents the additional wealth created by the efforts of the Company and its employees. This statement shows the distribution of that wealth among employees, government, providers of capital and the amount retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER 2010

	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
ASSETS/LIABILITIES					
Fixed assets	100,751,762	69,680,809	43,121,096	33,356,068	32,361,135
Long term investments	60,206	60,206	60,206	60,206	64,000
Net current assets/(liabilities)***	<u>(40,401,126)</u>	<u>6,747,778</u>	<u>487,739</u>	<u>1,431,531</u>	<u>(68,020)</u>
	60,410,842	76,488,793	43,669,041	34,847,805	32,357,115
Deferred taxation	(8,532,311)	(5,183,429)	(1,454,576)	(293,789)	(186,582)
Term loans	-	(24,793,394)	-	-	(5,412,750)
Gratuity provision	<u>(3,586,770)</u>	<u>(2,801,412)</u>	<u>(1,758,345)</u>	<u>(1,748,005)</u>	<u>(1,211,041)</u>
	<u>48,291,761</u>	<u>43,710,558</u>	<u>40,456,120</u>	<u>32,806,011</u>	<u>25,546,742</u>
CAPITAL AND RESERVES					
Share capital	1,500,800	1,500,800	1,500,800	1,500,800	1,500,800
Share premium	9,488,747	9,488,747	9,488,747	9,488,747	9,488,747
Revaluation reserve	3,176	3,176	3,176	3,176	3,176
Revenue reserve	<u>37,299,038</u>	<u>32,717,835</u>	<u>29,463,397</u>	<u>21,813,288</u>	<u>14,554,019</u>
Shareholders' funds	<u>48,291,761</u>	<u>43,710,558</u>	<u>40,456,120</u>	<u>32,806,011</u>	<u>25,546,742</u>
TURNOVER AND PROFITS					
Turnover	<u>43,841,325</u>	<u>45,589,798</u>	<u>43,273,809</u>	<u>38,664,795</u>	<u>39,517,587</u>
Operating profit	8,234,773	8,276,596	12,125,133	11,575,204	12,983,250
Profit before exceptional item	8,464,365	8,955,716	12,768,896	11,665,291	12,119,592
Exceptional item	-	281,612	264,323	871,140	-
Profit before taxation	8,464,365	9,237,328	13,033,219	12,536,431	12,119,592
Extraordinary item	-	-	-	(500,214)	-
Retained profit	<u>4,881,363</u>	<u>5,055,398</u>	<u>11,252,030</u>	<u>10,678,652</u>	<u>10,946,204</u>
Proposed dividend	<u>750,400</u>	<u>300,160</u>	<u>1,800,960</u>	<u>3,601,920</u>	<u>3,001,600</u>
Per share data (Kobo)					
Earnings - Basic	163	168	375	356	365
Dividend (Kobo)	25	10	60	120	100
Dividend cover (times)	6.5	16.8	6.2	3.0	3.6
Net assets	<u>1,609</u>	<u>1,456</u>	<u>1,348</u>	<u>1,093</u>	<u>851</u>

Earnings per share are based on profit after taxation and the number of issued and fully paid ordinary shares at the end of each year.

Net assets per share are based on net assets and number of issued and fully paid ordinary shares at the end of each year.

*** In December 2010, in the context of its current and future investments, the company started renegotiation of its medium term debt and made request for request for additional financing to complete its capacity expansion project. This was successfully concluded in February 2011. The debt was classified as short term in compliance with international Accounting Standards (IAS) No. 1 (74), even though the facilities remain medium term with N42.92 billion falling due after 1 year. The expansion project is under commissioning with first production expected in May 2011.

SHAREHOLDING INFORMATION

AS AT 31 DECEMBER 2010

REGISTER RANGE

Range	No. of Holders	Percent	Units	Percent
1 - 500	17,147	27.0876%	4,983,606	0.16603%
501 - 5,000	34,964	55.2336%	61,033,901	2.03338%
5,001 - 50,000	9,715	15.3471%	139,934,303	4.66199%
50,001 - 500,000	1,300	2.0536%	179,177,143	5.96939%
500,001 - 5,000,000	145	0.2291%	207,961,369	6.92835%
5,000,001 - 50,000,000	23	0.0363%	306,334,374	10.20570%
50,000,001 - 500,000,000	7	0.0111%	1,410,609,645	46.99526%
500,000,001 - 3,001,600,00	1	0.0016%	691,565,663	23.03990%
Grand Total	63,302	100.0000%	3,001,600,004	100.00000%

NOTE: UNCLAIMED DIVIDEND AND SHARE CERTIFICATE

The Company has posted to all shareholders a list of unclaimed dividend. In addition, the list of unclaimed dividend and share certificate as at December 31st, 2010 has also been posted on the Company's website for easy access. The address of the website is www.lafargewapco.com.

The Company Registrars have advised that the total amount outstanding as at December 31st, 2010 is N358,458,804.92. This amount is still being held by the Registrar.

BONUS HISTORY

YR	Number Issued	Amount (N1.00 each)	Ratio
1983	30,150,000	15,075,000	1 2
1988	30,150,000	5,075,000	1 3
1992	120,600,000	60,300,000	1 1
1994	80,400,000	40,200,000	1 3
1996	107,200,000	53,600,000	1 3
1998	142,933,334	71,466,667	1 3
2001	571,733,334	285,866,667	1 1
2002	571,733,334	285,866,667	1 2

SHARE CAPITAL HISTORY

AUTHORISED			FULLY PAID			Remarks
YR	Number of Shares	Value (Naira)	Nominal Value	Number Issued	Value (Naira)	
1959	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1960	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1961	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1962	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1963	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1964	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1965	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1966	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1967	3,000,000	6,000,000	At N2.00 each	2,000,000	4,000,000	
1968	12,000,000	6,000,000	at N0.50 each	8,000,000	4,000,000	SUBDIVISION
1969	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1970	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1971	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1972	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1973	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1974	14,000,000	7,000,000	at N0.50 each	14,000,000	7,000,000	
1975	36,000,000	18,000,000	at N0.50 each	36,000,000	18,000,000	PREFERENCE SHARE
1976	36,000,000	18,000,000	at N0.50 each	36,000,000	18,000,000	
1977	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	SPECIAL ALLOTMENT
1978	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	
1979	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	
1980	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	
1981	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	
1982	72,000,000	36,000,000	at N0.50 each	60,300,000	30,150,000	
1983	101,450,000	50,725,000	at N0.50 each	90,450,000	45,225,000	1 2
1984	101,450,000	50,725,000	at N0.50 each	90,450,000	45,225,000	
1985	101,450,000	50,725,000	at N0.50 each	90,450,000	45,225,000	
1986	101,450,000	50,725,000	at N0.50 each	90,450,000	45,225,000	
1987	101,450,000	50,725,000	at N0.50 each	90,450,000	45,225,000	
1988	120,600,000	60,300,000	at N0.50 each	120,600,000	60,300,000	1 3
1989	120,600,000	60,300,000	at N0.50 each	120,600,000	60,300,000	
1990	120,600,000	60,300,000	at N0.50 each	120,600,000	60,300,000	
1991	120,600,000	60,300,000	at N0.50 each	120,600,000	60,300,000	
1992	241,200,000	120,600,000	at N0.50 each	241,200,000	120,600,000	1 1
1993	241,200,000	120,600,000	at N0.50 each	241,200,000	120,600,000	
1994	321,600,000	160,800,000	at N0.50 each	321,600,000	160,800,000	1 3
1995	321,600,000	160,800,000	at N0.50 each	321,600,000	160,800,000	
1996	428,800,000	214,400,000	at N0.50 each	428,800,000	214,400,000	1 3
1997	428,800,000	214,400,000	at N0.50 each	428,800,000	214,400,000	
1998	600,000,000	300,000,000	at N0.50 each	571,733,334	285,866,667	1 3
1999	600,000,000	300,000,000	at N0.50 each	571,733,334	285,866,667	
2000	600,000,000	300,000,000	at N0.50 each	571,733,334	285,866,667	
2001	1,142,806,000	571,403,000	at N0.50 each	1,143,466,668	571,733,334	1 1
2002	4,573,866,672	2,286,933,336	at N0.50 each	1,715,200,002	857,600,001	1 2
2003	4,573,866,672	2,286,933,336	at N0.50 each	1,715,200,002	857,600,001	
2004	4,573,866,672	2,286,933,336	at N0.50 each	1,715,200,002	857,600,001	
2005	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	RIGHTS ISSUE
2006	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	
2007	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	
2008	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	
2009	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	
2010	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	
2011	4,573,866,672	2,286,933,336	at N0.50 each	3,001,600,004	1,500,800,002	



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www.lafargewapco.com

MANDATE for E-DIVIDEND PAYMENT

TO:
The Registrar
City Securities (Registrars) Ltd
17A Primrose Tower, 2nd Floor
Tinubu Square, Lagos
P. O. Box 9117, Lagos
Nigeria

I hereby request that from now on all dividend warrants due to me from my holding in Lafarge Cement WAPCO Nigeria Plc be paid directly to my/our Bank Account with details below:

SHAREHOLDER'S FULL NAME: _____
(Surname First)

ADDRESS: _____

SIGNATURE: _____

GSM NUMBERS: _____

NAME OF BANK: _____

BANK BRANCH: _____

BRANCH ADDRESS: _____

ACCOUNT NUMBER: _____

SORT CODE: _____

Authorised Signature and Stamp of Bank

Note: Please be informed that by filling and sending this form to our Registrar, City Securities Limited, for processing, you have applied for the e-dividend; thereby authorising Lafarge Cement WAPCO Nigeria Plc to credit your account (in respect of dividends) electronically.

TO:
The Registrar
City Securities (Registrars) Ltd
17A Primrose Tower, 2nd Floor
Tinubu Square, Lagos
P. O. Box 9117, Lagos
Nigeria

PROXY FORM

The 52nd Annual General Meeting of LAFARGE CEMENT WAPCO NIGERIA PLC will be held at Muson Centre, Onikan, Lagos on Friday, 20th May 2011 at 11 a.m.

I/We* _____

being a member/members of Lafarge Cement WAPCO Nigeria Plc hereby appoint***

of _____

Or failing him the Chairman of the Meeting as my/our proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on Friday, 20th May 2011 and at any Adjournment thereof.

Dated this _____ day of _____ 2011 _____

Shareholder's Signature

Resolutions	For	Against
1. To receive the Audited Financial Statement for the year ended 31st December 2010, the Reports of the Directors, Auditors and Audit Committee thereon.		
2. To declare a dividend		
3. a. To re-elect Directors: Mrs. Oludewa Edodo-Thorpe Mr. John Stull Asiwaju Ademola Awosanya Mr. Mobolaji Balogun b. To elect Directors: Mr. Joseph Hudson Mr. Adebayo Jimoh		
4. To authorise the Directors to fix the remuneration of the External Auditors		
5. To elect members of the Audit Committee		
6. To consider and if thought fit, to pass the following proposed Special Resolutions: That the Memorandum of Association of the Company be and is hereby amended by inserting the following sub-clauses in the object clause: a. To engage in the business of exportation of products manufactured by the Company including but not limited to cement and other substances or products manufactured by the Company b. To engage in the business of electric power generation, distribution, trading, energy or power rentals, sales, establish, run, carry on business as proprietors and managers of electric power works and to this end, to own and operate power generation stations, to acquire, construct, lay down, maintain, enlarge, alter, work and use all such lands, buildings, docks, easement and other works, machinery, plants, dynamos, turbines, barges, motors, pylons, pipes, fittings, meters, apparatus, materials and to supply all such materials and products and things as may be necessary, incidental or convenient in connection with the generation, accumulation, use regulation measurement, supply and distribution of electricity, and other ancillary services		
7. That the Memorandum and Articles of Association of the Company should be amended and registered at the Corporate Affairs Commission to reflect the above resolutions		
8. That the Company Secretary be and is hereby authorised to take all actions and make amendments that are necessary to give effect to Resolutions passed at the Meeting		
Please indicate 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

NOTES:

Please sign this form and post it to reach the address overleaf not later than 48 hours before the time of holding the meeting. If executed by a corporation, this form should be sealed with its common seal.

- Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, any one of such may complete this form, but the names of all joint holders must be inserted.
- Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead.

LAFARGE CEMENT WAPCO NIGERIA PLC

THE 52ND ANNUAL GENERAL MEETING
SHAREHOLDER'S ADMISSION CARD

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at Muson Centre, Onikan, Lagos on Friday, 20th May 2011 at 11 a.m.

Name of Shareholder _____

Number of Shares Held _____ Signature of Person attending _____

Note: This form should be completed, signed, torn off and produced by the Shareholder or his/her duly appointed proxy in order to gain entrance to the venue of the meeting.

TO:
The Registrar
City Securities (Registrars) Ltd
17A Tinubu Street
P. O. Box 9117
Lagos

