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L-R: The Country CEO, Lafarge Nigeria and Benin Republic, Mr. Jean-Christophe Barbant; President Goodluck Ebele Jonathan GCFR; Chairman, Board of Directors, Chief Olusegun Osunkeye OFR, OON and Group Chairman and Chief Executive Officer, Lafarge Mr. Bruno Lafont at the inauguration of Ewekoro II Plant

## Lafarge WAPCO: Supporting Nigeria's Development

*Lafarge Cement WAPCO Nigeria Plc, a foremost cement manufacturing and marketing company in Nigeria has re-opened a new vista in cement production.*

A landmark achievement was recorded by Lafarge WAPCO on December 20, 2011 with the inauguration of its state-of-the-art 2.5 metric tonnes brownfield cement plant (Lakatabu) in Ewekoro by His Excellency, President Goodluck Ebele Jonathan GCFR. With this inauguration, the cement production capacity of the Company was doubled from 2.0 to 4.5 million metric tonnes which will not only increase the availability of cement to Nigerians, but will also assist in achieving the drive for affordable housing goal of the Federal Government. This is another vivid

demonstration of our commitment to support the socio-economic development of the country.

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.

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.

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



The Vice President, Business Support, Lafarge Nigeria and Benin Republic, Albert Sigei; Alake of Egbaland, HRM, Oba Adedotun Aremu Gbadebo; Olowu of Owu Kingdom, HRM, Oba Adegboyega Olusanya Dosunmu and other Obas at the inauguration of Ewekoro II Plant

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/Market Orientation, Corporate Social Responsibility, Performance, 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, U.K 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. Following the acquisition, WAPCO has integrated into the Lafarge culture, implementing process re-engineering and imbibing Lafarge's Best Practices

**MILESTONES**

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

- **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, Olusegun Obasanjo – former President, Federal Republic of Nigeria
- **2008:** Commencement of our expansion project (Lakatabu), a 2.5mt plant to double the cement production capacity of the Company
- **February 2009:** Foundation Laying Ceremony of Lakatabu
- **November 2010:** Launch of New Product, Elephant Supaset Cement
- **June 2011:** 90MW Power Plant Commissioned
- **July 2011:** Ewekoro II Plant Kiln lit up
- **July 2011:** 1st Clinker Production of the Ewekoro II Plant
- **September 2011:** 1st Cement Production of the Ewekoro II Plant
- **September 2011:** 1st bag of Cement from the Ewekoro II Plant
- **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 700,000TPA
- **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



Cross section of guests at the inauguration of Ewekoro II Plant.



Driving profitability with efficient supply chain.

- **December 2011:** Inauguration of Ewekoro II Cement Plant by His Excellency, President Goodluck Ebele Jonathan GCFR.

**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 Organization 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

- 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 specialized 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 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 over 50 years and the new product, Supaset Cement, specifically formulated for Block making and Precast.



Lafarge Research Center, L'Isle d'Abeau, France, raw material powders discharge Laboratory.



L-R: Managing Director and Chief Executive Officer, Lafarge Cement WAPCO Nigeria Plc, Mr. Joe Hudson; Chairman, Board of Directors, Chief Olusegun Osunkeye OFR, OON; Group Chairman and Chief Executive Officer, Lafarge, Mr. Bruno Lafont and Chief (Dr.) Joseph Sanusi CON at the inauguration of Ewekoro II Plant.

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

Lafarge is the world leader in Cement materials, second largest Aggregate producer, the third largest Concrete producer and the third largest Gypsum Wall Board manufacturer worldwide.

With 68,000 employees in 64 countries, Lafarge posted sales of Euros 15.9 billion in 2009. In 2010 and for the sixth year in a row, Lafarge was listed in the 'Global 100 Most Sustainable Corporations in the World'. 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 gives 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 capitalizing 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 8.5 million metric tonnes per annum.

The Lafarge Cement Division has significant presence in Africa with



*Commitment to quality.*

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.

### **SUSTAINABLE DEVELOPMENT**

Lafarge is 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 life by setting up local development programs, 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 Organization, Habitat for Humanity to cooperate and provide decent housings to underprivileged people in 12 countries, CARE to fight against HIV/AIDS at workplace.

### **INNOVATION**

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 programs. 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.

Our employees can 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.



committed to  
**Quality**



bringing materials to *life*™

Lafarge Cement WAPCO Nigeria Plc  
[www.lafargewapco.com](http://www.lafargewapco.com)

# Lafarge Readymix Nigeria



**“Hassle free high performance concrete on time”**



## Lafarge Ready Mix Nigeria Limited

Telephone: +234-1-27139990, Ext. 8625, Fax: +234-1-2714614

E-mail: [readymix@ng.lafarge.com](mailto:readymix@ng.lafarge.com) Website: [www.lafarge.com](http://www.lafarge.com)



Lafarge Ready Mix  
*Faster, Better, Safer*

**LAFARGE**  
CONCRETE  
Nigeria

**NOTICE IS HEREBY GIVEN THAT** the 53rd Annual General Meeting of LAFARGE CEMENT WAPCO NIGERIA PLC will be held at the Muson Centre, Onikan, Lagos on Wednesday, 23rd May 2012 at 11 a.m. to transact the following business:

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31st December 2011, the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To elect/re-elect retiring Directors.
4. To authorise the Directors to fix the remuneration of the External Auditors.
5. To elect members of the Audit Committee.

### 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 23rd day of May 2012, to members whose names appear in the Register of Members at the close of business on the 4th of May 2012.

### CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed on the 7th to 11th of May 2012 (both date 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

UZOMA UJA (MS.)  
Company Secretary/Legal Adviser

Dated this 20th March 2012  
REGISTERED OFFICE  
Elephant Cement House  
Assibifi Road, Alausa, Ikeja  
Lagos State.



### DIRECTORS

Chief Olusegun Osunkeye OFR, OON	-	Chairman
John Stull Esq.	-	Vice Chairman
Joseph Hudson Esq.	-	MD/Chief Executive Officer
Alfred Amobi Esq.	-	Finance 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
Adebayo Jimoh Esq.	-	Director
Jean-Carlos Angulo Esq.	-	Director

### COMPANY SECRETARY/LEGAL ADVISER

Uzoma Uja (Ms.)

### EXTERNAL AUDITORS

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

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

### REGISTRAR

City Securities Limited  
17A Tinubu Street  
Lagos

*Fellow shareholders, my colleagues on the Board of Lafarge Cement WAPCO Nigeria Plc, gentlemen of the press, distinguished Ladies and Gentlemen, I am pleased to welcome you to the 53rd Annual General Meeting of our Company.*

I am using the opportunity of today's meeting to lay before our shareholders the performance of the Company for the 2011 financial year and the economic environment under which it operated.

### **BUSINESS ENVIRONMENT**

Overall domestic demand for cement grew by approximately 8% on 15.8 million metric tonnes estimated for 2010. However, unlike in previous years, the proportion of imported cement in the overall demand began to reduce significantly with increasing local manufacture filling the gap. While there has been increase in local production capacities, the utilization rate of these capacities continues to be constrained by instability in the supply of energy i.e fuel and electricity power.

As a result of largely monetary policy interventions, inflation rate for 2011 closed at 10.3% compared to 11.8% for 2010. The tempering of inflation rate was achieved by the Central Bank of Nigeria (CBN) by driving up the Monetary Policy Rate (MPR) from 6.25% at the start of the year to 12.0% by the end of the year.

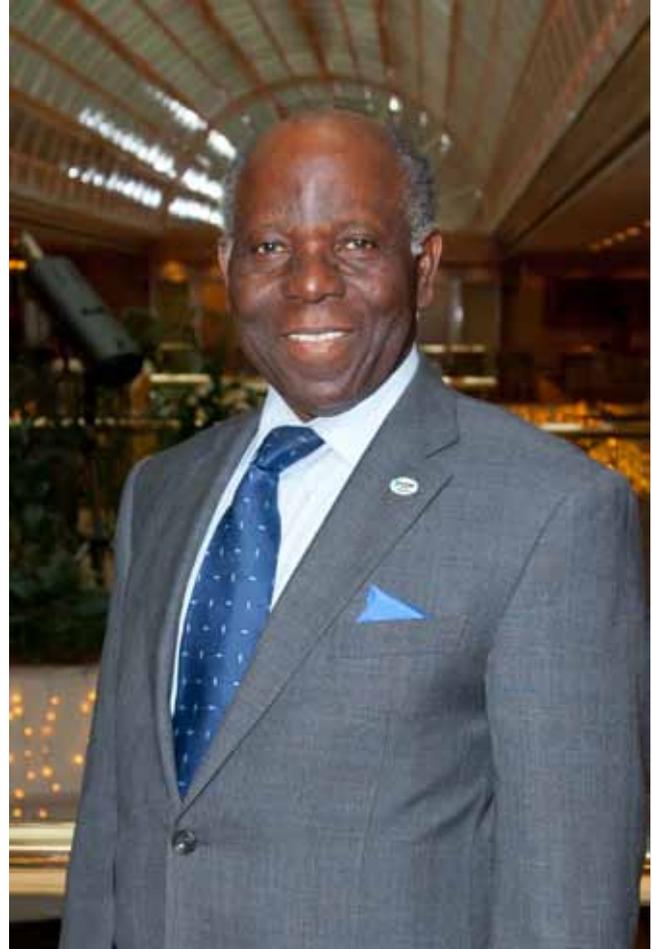
The substantial increase in the MPR became necessary to counter the impact of the increase in government spending on general price level. The effect on business is that borrowing cost increased by the same percentage points as the increase in MPR with the impact being felt more by the manufacturing sector which is already buffeted by rising cost of energy.

### **READY MIX CONCRETE BUSINESS**

In response to the opportunities presented by the local construction industry, a ready mix concrete business was set up in 2010 to operate under the business name of "Lafarge Ready Mix Nigeria Limited" and as a fully owned subsidiary company of Lafarge Cement WAPCO Nigeria Plc. The company commenced operations in the last quarter of 2011 and is already making significant in-roads in the construction market of Lagos area with plans to expand its operations to other parts of the country. Therefore the audited Group Financial Statements, which I present today to shareholders includes the results of the operation of the ready mix concrete business for the few weeks it operated in 2011.

### **RESULTS FOR THE YEAR**

While we understand the significance of achieving superior financial results, a complimentary core value which is shared and respected by the Company is health, safety and respect for the environment. I am



**CHIEF OLUSEGUN OSUNKEYE, OFR, OON**  
Chairman

therefore delighted to report to our shareholders that during 2011 we recorded no (zero) fatality for employees and contractors working at our facilities. Indeed one of our facilities recorded at the end of 2011 a straight two (2) years of operation with no safety incidence that led to loss of production time. Similarly, for the environment we have continued to record progress in our sustainable development efforts.

As the audited Group Financial Statements which are laid before shareholders show on a like-for-like basis, we also recorded significant improvements in financial results for the year. Turnover for the year increased by 42% to N62.2 billion. This was made possible by the approximately 37% increase in the volume of cement despatches for the year compared with 1.6 million metric tonnes recorded for 2010. The increase in the level of turnover impacted favourably on profitability. Operating profit from cement manufacturing operation increased to N11.7 billion; approximately 42% on 2010.

Interest expense for the year was N1.7 billion and resulted largely from the cessation of the capitalization of interest cost on the portion of the term loans relating to the 90 Mega Watts Power Plant which was commissioned and put to use in June 2011. Profit before taxation therefore closed at N10.2 billion; 21% higher than previous year. Profit after taxation rose by 74.6% on 2010 largely as a result of the significant drop in deferred tax provision.

I am delighted to report that the ready mix concrete operation has begun to show profit since the first quarter of 2012.

### PROPOSED DIVIDEND

Given the improvement in profitability, the Board of Directors is able to propose for approval by shareholders a gross dividend of 75 kobo on each ordinary share in issue. In absolute terms this represents an increase of 200% on the gross dividend approved by shareholders on the 2010 financial results.

The repayments of principal and interest on the loans booked for the construction of the Lakatabu capacity expansion project has commenced. This means that in order to conserve cash for loan repayments we need to exercise restraint in the level of increase on dividend pay-out.

### CAPACITY EXPANSION PROJECT

On December 20, 2011, the 2.5 million metric tonnes Lakatabu capacity expansion project at Ewekoro, Ogun State was commissioned. With the completion of this project, the Company's total cement production capacity has increased from 2.0 million metric tonnes to 4.5 million metric tonnes per annum. Total project cost at completion including financing costs was N93.9 billion. Total loans booked to finance the project was N48.6 billion with the balance from internally generated cash flow.

In order to limit interest cost on the loans for the project, a refinancing initiative was embarked upon in early 2011. The first step taken was to access the CBN Power & Aviation Intervention Fund (PAIF) by using this window to refinance the portion of the variable loans spent to construct the 90 Mega Watts power plant. The CBN through the Bank of Industry approved and disbursed the sum of N12.46 billion as loan to the Company under the PAIF. The tenor of the loan is 10 years and at a fixed interest rate of 7% p.a.

Secondly, a 3-year fixed rate Corporate Bond at 11.5% p.a was issued in October 2011. The proceeds from the bond issue (N11.88 billion) was utilized to further refinance part of the expensive existing variable interest loans.

The two refinancing initiatives have helped to achieve a more balanced loan portfolio with significant potential for interest cost reduction.

As I mentioned in my address to shareholders at the last Annual General Meeting, the Lakatabu project represents a significant milestone for the Company and of its potential to continue to create value for shareholders and all other stakeholders.

### PERFORMANCE IMPROVEMENT

Continuous improvement in performance is core and a valued aspect of our business. In 2011 the Company keyed into the Lafarge Group performance improvement initiative code named "EXTRA MILE". Extra Mile is an initiative that has as its main objective growth in market share and improved profitability to be achieved through the acceleration of differentiation in our core business and strengthening our commercial capabilities. This will involve enlarging our product range and service offer, focus on route-to-market, branding, addressing new construction demand trends through innovative solutions, improved customer knowledge, market segmentation and effectiveness of the sales force. Given its importance to our changing environment, the initiative is being led at a senior level within the Company.

### BOARD CHANGES

Since the last Annual General Meeting, Mr Samy Abdelkader has resigned from the Board and moved to another position in the Lafarge Middle East operation. Until his resignation from the Board he served as Managing Director & Chief Executive Officer of the Company. To his credit he successfully led the management of the Company during the critical phase through to the completion of the Lakatabu capacity expansion project. On behalf of the Board of Directors I will like to acknowledge with gratitude the immense contribution of Mr Abdelkader and wish him success in his future endeavours.

Following the departure of Mr. Samy Abdelkader, the role of Managing Director & Chief Executive Officer is now occupied by Mr Joseph Hudson. Mr Hudson, until his elevation, was a Non-Executive Director on the Board of Directors of the Company and Regional Vice President, Human Resources & Organization for Lafarge Sub-Saharan Africa. He holds a BA (honors) in Education from the University of Exeter (UK) and a Post-Graduate Diploma in Human Resources. He is a fellow of the Institute of Personnel & Development, UK. On behalf of the Board and our shareholders, I wish Mr Hudson success in his new role.

Mr. Emmanuel Oloruntoki after twenty-nine (29) years of service to the Company, took an early retirement

and resigned from the Board. We appreciate the contributions of Mr. Oloruntoki and wish him success in his future endeavours. In his place, Mr. Alfred Amobi was appointed to the Board on September 16, 2011, as Finance Director. Until his appointment, Mr Amobi was the Chief Financial Officer of the Company. He is a graduate of the Institute of Management & Technology, Enugu and a fellow of the Institute of Chartered Accountants of Nigeria and an associate member of the Institute of Taxation of Nigeria. He also holds a Master's Degree in Business Administration from the Enugu State University of Science & Technology.

Mr Jean-Carlos Angulo was appointed to the Board to take the seat vacated by Mr Samy Abdelkader. Mr Angulo is an Executive Vice President with the Lafarge Group with responsibilities for the Group's operations in several countries including Nigeria. He is a graduate of the Ecole des Mines de Nancy (France) and the European Institute of Business Administration. He brings to the work of the Board several years of experience in the manufacturing of cement and other building materials.

#### FUTURE OUTLOOK

According to estimates from industry experts, Nigeria has an estimated deficit of 16 million housing units. If the Federal and State Governments and the private sector make significant efforts to bridge half of the estimated deficit, cement consumption based on this premise will rise significantly.

Nigeria's road network also presents a significant opportunity for the cement sector. According to available estimates only approximately 30% of the existing road network is paved in comparison to approximately 63% average for emerging countries.

The completion of the Lakatabu capacity expansion project therefore favourably positions the Company to benefit from these potentials.

#### APPRECIATION

On behalf of the Board of Directors, I thank the Management and staff of the Company for their unwavering commitment and loyalty to the progress of the Company in spite of the daily challenges they have to cope with in running the business.

The Lafarge Group continues to bring to bear on our relationship the benefits of its expertise in the manufacturing of cement and related products and the deployment of the strength of its global brand. The relationship with the Lafarge Group is working well to the

mutual benefit of both parties. On behalf of the Board of Directors and shareholders I place on record our appreciation of their contributions.

We also say thank you to our host communities. They have continued to work with us harmoniously in our objective to make positive impact in Corporate Social Responsibility activities. We also thank all our other stakeholders that have provided support for our operations.

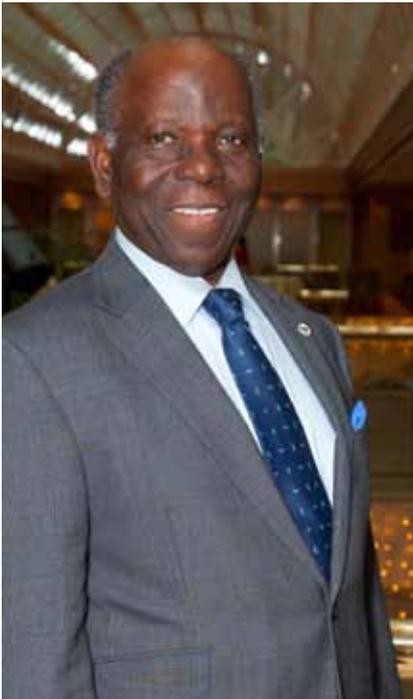
Distinguished shareholders, my colleagues on the Board, Ladies and Gentlemen, I thank you for your presence at this year's Annual General Meeting and I look forward to your full participation in the agenda of today's meeting.

#### **Chief Olusegun Osunkeye, OFR, OON**

Chairman of the Board  
Lafarge Cement WAPCO Nigeria Plc.







**CHIEF OLUSEGUN OLADIPO OSUNKEYE, OFR, OON**  
Chairman

Chief Olusegun Oladipo Osunkeye, OON OFR is a Fellow of the Instituted of Chartered Accountants of Nigeria, the Institute of Directors, the Nigerian Institute of Management and 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 Honors

Award of Officer of the Order of the Niger (OON) and in 2011 he was conferred with the National Honors Award of Order of Federal Republic of Nigeria (OFR) 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 October 2000 was elected Chairman of the Board with effect from 1st October 2009.



**JOHN STULL**  
Vice Chairman

Mr. John Stull, an American citizen is a Chemical Engineer. He has 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 is the Country CEO for Lafarge in the United States. He was appointed to the Board of Lafarge WAPCO on the 1st of April 2009.



**JOSEPH HUDSON**  
Managing Director/ Chief Executive Officer

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 & Organization 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 has 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 & Organization for Sub-Saharan Africa.

He is presently the Managing Director and Chief Executive Officer of the Company. He was appointed to the Board of Lafarge Cement WAPCO on the 16th March 2011.



**ALFRED AMOBI**  
Finance Director

Mr Alfred Amobi is a Fellow of the Institute of Chartered Accountants of Nigeria and an Associate member of the Chartered Institute of Taxation of Nigeria. He graduated with a Distinction in Accountancy from the Institute of Management and Technology, Enugu. He also holds a Masters Degree in Business Administration from Enugu State University of Science and Technology.

Mr Amobi held several positions within UAC of Nigeria Plc including Divisional Commercial Director (BPP/Kalamazoo). He represented UACN on the Board of Spring Waters Nigeria Ltd as the Finance Director of the Company. He later spent many years within the Coca-Cola System holding various senior management positions including Head of Nigeria Operational Finance and Commercial Director, East /West of Nigerian Bottling Company Plc. (A Coca cola HBC Company). Prior to his appointment to the Board of Lafarge WAPCO, he was the Chief Financial Officer of the Company.

He was appointed to the Board of Lafarge Cement WAPCO Nigeria Plc on the 16th of September, 2011.



**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.

Asiwaju 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 Nigeria Plc on the 7th of November 2003.



**CHIEF (DR.) JOSEPH OLADELE SANUSI, CON**  
Director

Dr. Joseph Oladele Sanusi 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 Cement WAPCO Nigeria Plc on the 7th of October 2004.



**MOBOLAJI OLUDAMILOLA BALOGUN**  
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

## BOARD OF DIRECTORS' PROFILE

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 Cement WAPCO Nigeria Plc on the 1st of March 2005.



**GUILLAUME ROUX**  
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 held 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 is now the Head of Performance in Lafarge.

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



**PROFESSOR OYELOWO OYEWO**  
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, U.S.A.

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 Street Consulting Limited. He is also the Dean, Faculty of Law, University of Lagos. Professor Oyewo is a member of the Council of Nigerian Institute of Advance Studies (NIALS) and the Council of Legal Education (CLE).

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



**MRS. OLUDEWA EDODO THORPE**  
Director

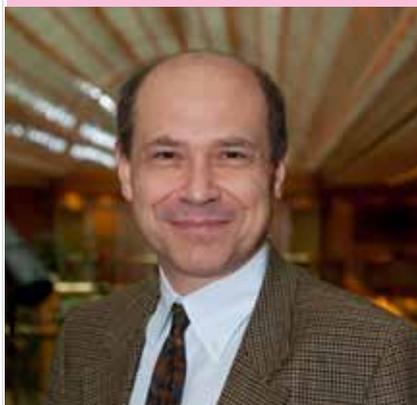
Mrs. Oludewa Edodo-Thorpe is an alumnus of the University of Nigeria, Nsukka, from where she graduated with a Second Class (Upper Division) in Law. She holds a Masters of Law degree from the University of Lagos, Akoka Lagos. After her call to the Nigerian Bar and the National Youth Services Corps, she 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 specialization in Secured Credit Transactions, Corporate and Commercial Law and International Business Transactions. She joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 3rd of September 2008.



**JEAN-CHRISTOPHE BARBANT**  
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 CEO for Nigeria and Benin Republic. He was appointed to the Board of Lafarge Cement WAPCO on the 27th of May 2009.



**ADEBAYO JIMOH**  
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 the Group Operations of 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 Cement WAPCO Nigeria Plc on the 16th March 2011.



**JEAN-CARLOS ANGULO**  
Director

Jean-Carlos Angulo (French) started his career in Lafarge since 1975. He has a unique expertise in engineering, managing cement activities and vertical integration. He is a graduate of the École des Mines de Nancy (France) and the European Institute for Business Administration.

He began his career as a Project Engineer in the aerospace industry at the Société Européenne de Propulsion SEP (1971 à 1974) in Bordeaux.

He joined Lafarge in 1975, where he was successively Project Manager and Projects Director in Group engineering subsidiaries (plant construction). He later became the General Manager of Lafarge Consulteria e Estudos in Brazil.

In 1984 he joined Lafarge Aluminates as Head of Development. He was General Manager of Lafarge's Brazil operations and head of the Southern region of Latin America from 1990 to 1996. He was appointed the General Manager of Lafarge Cements in France in 1996.

Jean-Carlos Angulo was President of the Cement business's operations in Western Europe and Morocco between 2000 to August 2007.

He is presently an Executive Vice President with responsibilities for Lafarge Group's operations in several countries including Nigeria. He joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 20th March 2012.

## FINANCIAL HIGHLIGHTS

	Group 2011	Company 2011	Company 2010	Increase/ (Decrease)
<b>Major Balance Sheet Items (N'Million)</b>				
Fixed Assets	127,905	127,542	100,752	27%
Net Current Assets/(Liabilities)	(7,870)	(7,542)	(40,401)	(81)%
Ordinary Shareholders' Funds	56,051	56,066	48,292	16%
<b>Major Profit &amp; Loss Account Items(N'Million)</b>				
Turnover	62,502	62,211	43,841	42%
Operating Profit	11,647	11,663	8,235	42%
Profit Before Tax	10,219	10,235	8,464	21%
Profit After Tax	8,509	8,525	4,881	75%
Ordinary Dividend	2,251	2,251	750	200%
<b>Major Cashflow Items in/(out): (N'Million)</b>				
Net Cash Inflows from Operating Activities	30,336	29,896	12,593	137%
Cash and Cash Equivalent	11,420	11,352	3,837	196%
<b>Ratios</b>				
Net return on Ordinary Shareholders' Funds	16%	16%	10%	
Operating Profit to Turnover	19%	19%	19%	
Gross Return on Total Assets	8%	8%	7%	
Turnover on Net Assets	1.1	1.1	0.9	
Current Assets on Current Liabilities	0.8	0.8	0.3	
<b>Headcount:</b>				
Number of Employees (including trainees)	1,022	966	821	18%
<b>Information per 50k Ordinary Share:</b>				
Dividends (Kobo)	75	75	25	200%
Earnings	283	284	163	74%
Net Assets (Kobo)	1,868	1,868	1,609	16%
Dividend Cover (Times)	3.8	3.8	6.5	(42)%

*The Board of Directors has the pleasure in submitting to members, its Annual Report along with the Financial Statements of the Company for the year ended 31st December, 2011.*

### **DIRECTORS' RESPONSIBILITIES**

In accordance with the provision of Sections 334 and 335 of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria 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 manufacturing and marketing of cement products.

### **READY MIX CONCRETE BUSINESS**

In response to the opportunities presented by the local construction industry, a ready mix concrete business was set up in 2010 to operate under the business name of "Lafarge Ready Mix Nigeria Limited" and as a fully-owned subsidiary Company of Lafarge Cement WAPCO Nigeria Plc. The Company commenced operations in the last quarter of 2011 and is already making significant in-roads in the construction market of Lagos area with plans to expand its operation to other parts of the country. This has necessitated that the Directors present to the Shareholders at the Annual General Meeting an audited Group Financial Statements.

### **SUMMARY GROUP FINANCIAL RESULTS FOR THE YEAR**

Turnover grew by 42% as a result of a combination of improved efficiency of the plants and market expansion activities within the year.

Finance charges increased by 722% as a result of the cessation of capitalization of interest charges on loans used for financing the new power plant commissioned

in June 2011. This was previously capitalized during the construction phase of the project.

Profit after Tax increase of 75% was as a result of the increase in Operating Profit and the impact of the reduced tax liability for the year.

The new plant, Ewekoro II (Lakatabu Project) was commissioned in December 2011. Lafarge Ready Mix Nigeria Limited had a marginal impact on the group performance.

	<b>Group 2011 N'm</b>	<b>Company 2011 N'm</b>	<b>2010 N'm</b>
Turnover	62,502	62,211	43,841
Operating profit	11,647	11,663	8,234
Financial (charges)/income (Net)	(1,428)	(1,428)	230
Profit before taxation	10,219	10,235	8,464
Taxation	(1,710)	(1,710)	(3,583)
Profit after taxation	8,509	8,525	4,881

### **DIVIDEND**

The Board of Directors is proposing a gross dividend of 75kobo on every Ordinary Share in issue. This amounts to N2.25billion. The proposed dividend if approved by shareholders is subject to deduction of withholding tax at the appropriate rate.

### **BOARD CHANGES**

Since the last Annual General Meeting, Mr. Samy Abdelkader (former Managing Director/CEO) and Mr. Emmanuel Oloruntoki (former Finance Director) resigned from the Board and the Company. The Board duly nominated and appointed Mr. Joseph Hudson, a non-Executive Director on the Board, as Managing Director/CEO and Mr. Alfred Amobi as Finance Director to fill the vacancies. Mr. Jean-Carlos Angulo was also appointed to the Board as a Director to fill the Board position vacated by Mr. Samy Abdelkader.

Mr. Samy Abdelkader resigned from the Board with effect from the 16th of December 2011 and Mr. Joseph Hudson was appointed as the Managing Director/CEO on the 16th of December 2011. Joseph Hudson, until his elevation to the position of Managing Director/CEO, was a non-Executive Director on the Board and the Lafarge Regional Vice President, Human Resources and Organization, Sub-Saharan Africa. He holds a BA (honours) in Education from the University of Exeter. He is a Fellow of the Chartered Institute of Personnel and Development, UK.

Mr. Emmanuel Oloruntoki upon his retirement from the Company, resigned from the Board with effect from the 20th May, 2011, and in his place, Mr. Alfred Amobi was appointed on 16th of September, 2011. Until his appointment, Mr. Amobi was the Chief Financial Officer of the Company. He is a fellow of the Institute of Chartered Accountants and an Associate member of the Chartered Institute of Taxation of Nigeria. He is 46 years of age and is a graduate of the Institute of Management and Technology Enugu where he studied Accounting. He also holds a Master's degree in Business Administration from the Enugu State University of Science and Technology. His country of principal residence is Nigeria.

Mr. Jean-Carlos Angulo (French), born in 1949 was appointed to the Board on March 20, 2012. Mr. Angulo is an Executive Vice President with Lafarge SA, France with responsibilities for the Lafarge Group's operations in several countries including Nigeria. He is a graduate of the Ecole des Mines de Nancy (France) and the European Institute for Business Administration. His country of principal residence is France.

### BOARD APPOINTMENTS

The Board Nomination and Remunerations Committee considered the nominees to the Board and their suitability for joining the Board. The Committee then made recommendations to the Board on the suitability or otherwise of the nominees for appointment to the Board. The appointment of Mr. Alfred Amobi and Mr. Jean-Carlos Angulo are presented for ratification by the shareholders at the 2012 Annual General Meeting of the Company.

### 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 Chief Olusegun Osunkeye OFR, OON, Chief (Dr.) Joseph Sanusi CON, Mr. Jean-Christophe Barbant and Mr. Guillaume Roux being eligible, offer themselves for re-election. Their performances in the Director's evaluation conducted for the year 2011 were commendable.

Chief Olusegun Osunkeye OFR, OON and Chief (Dr.) Joseph Sanusi CON, being above the age of 70, have indicated their willingness to continue in office as Directors of the Company in accordance with Section 252 of the Companies and Allied Matter Act (Cap C20, Laws 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 31.12.11	No of shares 31.12.10
Chief Olusegun Osunkeye OFR, OON	101,184	101,184
Mr. John Stull	-	-
Mr. Samy Abdelkader (Resigned 16.12.11)	318,650	-
Mr. Joseph Hudson	-	-
Mr. Emmanuel Oloruntoki (Resigned 20.05.11)	5,675	5,675
Mr. Alfred Amobi (Appointed 16.09.11)	5,750	5,750
Mr. Guillaume Roux	-	-
Mr. Jean-Christophe Barbant	-	-
Asiwaju Ademola Awosanya	10,500	10,500
Chief (Dr.) Joseph Sanusi CON	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
Mr. Adebayo Jimoh	-	-
Mr. Jean-Carlos Angulo (Appointed 20.03.12)	-	-

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**

Some 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) to the effect that they were members or held shareholding of some specified companies which could be regarded as interested in any contracts with which the Company was involved as at 31st December, 2011.

**CORPORATE GOVERNANCE**

Lafarge Cement WAPCO Nigeria Plc remains committed to institutionalizing the principles of corporate governance. The Company continues to ensure adherence to its Memorandum and Articles of Association, the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004), rules of the Nigerian Stock Exchange, the Securities and Exchange Commission (SEC) and other regulations.

The Company believes that the implementation of global best practices and corporate governance principles would help to achieve its goals to enhance stakeholders' value. The Company therefore organised Investors' Relations Forums in 2011 as a demonstration of its belief in developing stakeholders' relations and enhancing transparency.

The Securities and Exchange Commission in February 2011 released the new Code of Corporate Governance ("the Code") effective on April 1st 2011, Lafarge Wapco has over the years substantially adhered to the standard of Corporate Governance advocated by the 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 achieve 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: Eleven (11) non-executives and two (2) executives.

- The Company's Board is comprised 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, scientific 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 DIRECTOR'S 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 Director's attendance and meetings held during year 2011 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman and the Board met six 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.

## REPORT OF THE DIRECTORS

Directors	Full Board Meeting	Finance & Strategic Planning Committee	Nominations & Remuneration Committee	Risk Management & Ethics Committee	Audit Committee	Property Optimisation Committee
<b>Total Number of Meetings</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>
Chief Olusegun Osunkeye	6	n/a	n/a	n/a	n/a	n/a
Mr. John Stull	6	n/a	2	n/a	n/a	n/a
Mr. Samy Abdelkader	5	3	n/a	n/a	n/a	n/a
Mr. Joseph Hudson	4	2	n/a	1	n/a	1
Mr. Emmanuel Oloruntoki	3	1	n/a	n/a	1	n/a
Mr. Alfred Amobi	2	4	n/a	n/a	1	n/a
Mr. Guillaume Roux	4 (3 by alternate)	n/a	n/a	n/a	n/a	n/a
Mr. Jean-Christophe Barbant	6	1	2	3	1	n/a
Asiwaju Ademola Awosanya	6	n/a	2	3	n/a	1
Chief (Dr.) Joseph Sanusi	6	5	2	n/a	3	n/a
Mr. Mobolaji Balogun	5	4	n/a	n/a	3	1
Professor Oyelowo Oyewo	4	4	2	n/a	n/a	1
Mrs. Oludewa Thorpe	6	n/a	n/a	3	n/a	1
Mr. Adebayo Jimoh	5	n/a	n/a	1	n/a	n/a
Mr. Jean-Carlos Angulo	n/a	n/a	n/a	n/a	n/a	n/a

#### 4. COMMITTEES OF THE BOARD

##### 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. Alfred Amobi - Director
4. Mr. Joseph Hudson - Director
5. Professor Oyelowo Oyewo - Director
6. Mr. Jean-Christophe Barbant - Director

The Committee met five 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. The Committee met twice in the year.

##### c. Risk Management & 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. Joseph Hudson - Director
5. Mr. Adebayo Jimoh - Director

The Committee met three times to consider the nature, extent and categories of the risks facing the Company, the likelihood of such risks materializing 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. Mr. Mr. Adebayo Adeleke - Member
3. Chief Peter Asu - Member
4. Mr. Mobolaji Balogun - Director
5. Chief (Dr.) Joseph Sanusi - Director
6. Mr. Alfred Amobi - 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 53rd Annual

General Meeting. The meetings of the Committee were held three times during the year. The functions of the Committee are provided in section 359 (6) of the Companies and Allied Matters Act (Cap C20, 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. Joseph Hudson - Director
- 3. Mr. Mobolaji Balogun - Director
- 4. Mrs. Oludewa Edodo Thorpe - Director
- 5. Asiwaju Ademola Awosanya - Director

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

**5. BOARD EVALUATION**

In line with the Securities and Exchange Commission's Code of Corporate Governance 2011, a formal assessment of the Board's operations during the year 2011 took place using a questionnaire approved by the Board. The review was to verify that important issues were properly prepared and debated within the Board and to assess the effective participation and involvement of each Director on the Board.

The assessment also included a debate on the Board's organization and practices and an assessment of each of the Committees. The outcome of the comments and discussions resulting from the assessment was that the Directors consider that the organization and practices of the Board and its Committees are globally satisfactory.

**6. 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 functions 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.

**7. 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.

**8. ETHICS AND CODE OF BUSINESS CONDUCT**

The Company has adopted the Lafarge 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 organized 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.

**9. WHISTLE BLOWING**

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviours 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.

**10. ACQUISITION OF SHARES**

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

Major Shareholders	UNITS HELD	%
Odu'a Group of Companies	154,238,349	5.14
Stanbic Nominees Nigeria Limited	257,541,394	8.58
Nigerian Public	788,812,133	26.28
Foreign	1,801,008,125	60.00
<b>Total</b>	<b>3,001,600,001</b>	<b>100.00</b>

Lafarge SA is the foreign investor holding its shares in the names of its subsidiaries: AIC UK (13.68%), AIC Limited (22.8%) and Lafarge Nigeria Ltd (23.52%).

No one other than those listed above held more than 5% of the issued share capital of the Company as at 31st December 2011.

**11. EMPLOYMENT OF DISABLED PERSONS**

It is the Company's policy not to discriminate against disabled persons.

### 12. DONATIONS AND CHARITABLE GIFTS

Donations and charitable gifts amounted to N173,950,000.00; details are provided as follows:

	Naira
Community Development Projects (Ewekoro)	N88, 000,000
Community Development Projects (Sagamu)	N75, 000,000
Lagos State Security Trust Fund	N10, 000,000
Sagamu Development Association	N200,000
Commerce and Industry Correspondent Association of Nigeria (CICAN)	N250, 000
Nigerian Union of Journalists (NUJ) Ogun State Chapter	N250, 000
Others	N250, 000
<b>TOTAL</b>	<b>N173, 950,000</b>

No donation was made to any political party.

### 13. RISK MANAGEMENT

The Board ensures that appropriate means and measures are put in place by Management to enable identification and analysis of various risks that impact on the Company's operations.

Every year, the Board ensures that Management performs analysis of the various operational risks facing the business. The analysis is used as the basis for updating the Company's internal control standards and procedures for improved management of risk.

### 14. 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 52nd Annual General Meeting held in Lagos on 20th May, 2011 comprising three Directors and three shareholders namely Chief (Dr.) Joseph Sanusi CON, Mr. Mobolaji Balogun, Mr. Jean-Christophe Barbant and Mr. Olawale Oyedele, Chief Peter Asu and Mr. Adeleke Adebayo.

On the 16th of September 2011, the Board approved the replacement of Mr. Jean-Christophe Barbant a non-executive Director with Mr. Alfred Amobi, Finance Director as the representative of the Board on the Audit Committee.

### 15. AUDITORS

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

#### **UZOMA UJA (MS.)**

Company Secretary/Legal Adviser

Dated this 20th day of March 2012

## MANAGEMENT TEAM



1. **JOSEPH HUDSON**  
MD/CEO

2. **ALFRED AMOBI**  
Finance Director

3. **PAUL ROGERS**  
Technical Director

4. **SEFUNMI ADEWUMI**  
GM, Sales & Marketing

5. **FIDELIA OSIME**  
GM, Human Resources

6. **GEOFFREY NDUGWA**  
GM, Innovation & Product Development

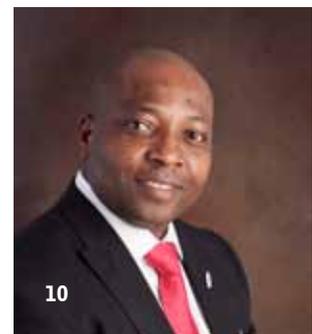
7. **KOLA OLOWOKERE**  
Head of Supply Chain Division

8. **JAMIU AJALA**  
GM, Corporate Service & Business Process Review

9. **TEMITOPE OGUNTOKUN**  
Head of Communications

10. **SAM AMOFORITSE**  
Business Unit Safety Manager

11. **UZOMA UJA**  
Company Secretary/Legal Adviser



# WE TOUCH LIVES IN MANY WAYS



For fifty years, Lafarge Cement WAPCO Nigeria Plc has built lives, dreams and legacies with our products.

Preserving yesterday's memories and building tomorrow's ideas, Lafarge WAPCO is firmly positioned to provide all your cement needs.

**Lafarge Cement WAPCO Nigeria Plc**  
[www.lafargewapco.com](http://www.lafargewapco.com)





A cross section of Lafarge Cement WAPCO Nigeria Plc Staff and Contractors during a Safety Briefing.

*The Company has one clear goal: reach zero accidents and rank among the safest companies in the world.*

Health & Safety is the first operational priority of the Lafarge Group and Lafarge Cement WAPCO Nigeria Plc.

In line with these objectives, the Company recorded some remarkable improvements in its quest to transform the Health & Safety culture of employees and stakeholders in 2011. This achievement was made possible by focusing on its commitment to drive Health & Safety cultural transformation with leading indicators such as Visible Felt Leadership (VFL) approach, effective analysis of near misses and tracking of closure rate of actions raised during the Health & Safety Management System (HSMS) Audits and Serious Event Reviews etc.

As part of efforts to improve the Company's Health & Safety culture, DuPont, a renowned world leader in safety, has been working with the Company since 2008. In March, 2011, DuPont carried out the Final Safety Management Evaluation across the Business Unit. The report of the exercise reviewed a positive progress across all elements at both Sagamu (27.7%) and Ewekoro (22.3%), driven from Senior Management levels in the plants. Overall 24.6% improvement in safety culture was recorded since 2008.

Lafarge WAPCO also recorded a huge improvement in VFL interactions across the Business Unit where a total of 110 employees are now actively involved. There was a 10% improvement in Health & Safety Management System (HSMS) audit scores in both Sagamu and Ewekoro plants in 2011. These are signs of positive progress in building safety leadership culture.

In 2011, we recorded ZERO fatality on all of our sites/plants and with major achievement recorded on Logistics Road Transport Safety. This aspect of our business continues to be a major challenge not only to the Lafarge Group but to the haulage sector all over the world. Lafarge WAPCO has put in safety initiatives to ensure we tackle the issue of road fatality involving trucks/vehicles for the transport of our products. In 2012, we will continue with these drives until our ambitious Health and Safety target of "ZERO FATALITY" is met.

To pursue this ambitious target, we will be focusing on full implementation of our 5-Pillars of Road Safety Management approach in 2012: Journey, Drivers, Vehicle, Load and Contractor Safety Management and People Transport Safety. We will aim to train all persons driving Company vehicles on defensive driving skills.

Lafarge Cement WAPCO continues to spend time and resources in ensuring employees' comprehensive annual health assessments. In 2011, the number of employees medically examined increased from 735 (in 2010) to 884; a reflection of improved health and wellness campaigns targeted towards general health issues in the workplace to help improve the quality of life.

In summary, the Company made significant progress in Health & Safety in 2011. The Company recorded fewer fatal incidents, with Lost Time Injury Frequency Rate for Contractors better than target, more focus on compliance with Standards & Advisories, leading indicators and increased employees' involvement at all levels within the Business Unit. With these milestones, the Company is in the right path in making its workplace a safer environment.



BU Safety Manager, Mr. Samuel Amoforitse; Plant Manager, Ewekoro II, Mr. Lanre Opakunle; Finance Director, Mr. Fred Amobi and Sagamu Unit Commandant, Federal Road Safety Corps (FRSC), Commandant Lanre Ogundele, at the launch of the Company's 2011 Health and Safety Month in Ewekoro.



A Lafarge Plant

*Lafarge WAPCO ensures that its activities at managing environmental aspects are made available widely to all stakeholders.*

We believe that the Company will only succeed in the long term if our actions respect the common interest.

We comply with relevant laws, conduct our businesses in a way that is consistent with the principle of sustainable development and take into account the views and opinions of our stakeholders.

We are committed to the protection of the environment, human health and well being, mitigation of climate change and conservation of nature. We aim to achieve continual improvement in our environmental performance, use energy and natural resources more efficiently and minimize waste, harmful air emissions and water discharges

while seeking ways to preserve heritage, landscape and biological diversity.

**I Operations**

- Standards and Regulations: We operate our facilities in a manner that meets and surpasses local laws, standards and regulations. We through our accredited consultants carried out Environmental Impact Assessments for
  - i. Ewekoro II Plant
  - ii. 90Mega Watts generators for Ewekoro I & II
  - iii. Decommissioning of the old Ewekoro Plant
 Accredited environmental consultants, both foreign and local, carry out regular environmental audits and environmental monitoring of our Plants.

- The Company operates formalized environmental management systems and obtained certification to international standards, ISO 14001 at manufacturing sites. Ewekoro I and Sagamu Plants are certified to ISO 14001:2004 Environmental Management System. Standard Organisation of Nigeria (SON) carried out regular surveillance audit of the, Sagamu and Ewekoro Plants. On each of the surveillance audits, SON audit reports were favourable.
- The exposure of the Company’s employees and the communities we work in to environmental, health and safety risks are minimised by employing safe technologies and operating procedures.
- The Company seeks the use of non-renewable resources and, where feasible and safe, replace them with alternative raw materials and fuels. A trial

run of Sagamu Plant on palm kernel nut shell was carried out in 2011. With this we are in a position to explore the introduction of palm kernel nuts shell as alternative fuel alongside use of natural gas or fuel oil.

- Along the process lines and at every powdery transfer point we operate dust-collecting equipment with manufacturer's guaranteed emission levels of less than 10mg/m<sup>3</sup> to reduce emission to the atmosphere.
- In 2011, the air pollution control equipment in Sagamu plant cement mill was upgraded from electrostatic precipitation to a filter bay dust collection system. This has reduced dust emission from the plant and is part of Lafarge WAPCO's continued investment in environmental best practice technology.
- The Company implements programmes to prevent accidental releases and has emergency response procedures in place.
- Maintains high standards of "housekeeping" and visual impact at all sites.
- Develops rehabilitation plans for quarry sites that respond to the needs and expectations of our stakeholders and, where feasible, foster wildlife habitat creation and biological diversity. Re-naturation of the overburden tips is ongoing and this location is gradually being turned back into forest area just as they were prior to material winning. Mined benches (pits) arising from limestone extraction now provides Quarry Lake. The Lake supplies water for both process and domestic activities within the Plants, thereby reducing demand from underground water. The lake space create buffer for storm water reservoir, also mitigating against the chances of flood in the Plants and nearby communities.

## **II Greenfield Site Development and Major Modifications**

- The Company carries out an environmental impact study when selecting greenfield sites for development or planning major modifications at existing sites.

## **III Resources**

- The Company provides adequate financial and human resources, employee training and raise awareness to facilitate continual improvement in environmental performance.

## **IV Procurement**

- The Company evaluates the environmental values and policies of its candidate for suppliers and contractors.
- The Company requires its suppliers and contractors to respect its environmental values and comply with its policies and procedures when on its premises. This is implemented in service agreement entered into with contractors prior to selection of suppliers and contractors for the Company. In 2011, its contractors were audited for compliance to



Lafarge Wapco's Environmental Management system and the overall winner was recognised and awarded prizes.

## **V Product Stewardship**

- The principles of sustainable development and product stewardship are implemented to enhance the contribution of our products to sustainable construction, minimize impact on human health and the environment and limit the amount of wastes generated and disposed.

## **VI Stakeholder Relations**

- We provide our stakeholders with environmental information about our operations and products, solicit their feedback and encourage open dialogue.
- We co-operate pro-actively with legislators and regulators to evaluate the feasibility, impact, and cost/benefit of proposed laws, regulations and standards.

Our Environmental Performance Indicators include:

- Reduction in CO<sup>2</sup> emission
- Reduction in SO<sub>x</sub> emission
- Reduction in NO<sub>x</sub> emission
- Waste reduction
- Reduction in consumption of finite natural resources per cement production
- Conservation of biodiversity at Plant sites and quarries

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
- Planting of economic trees in the quarry
- Biomass project



The Chairman, Board of Directors, Chief Olusegun Osunkeye OFR, OON (left); Country CEO, Lafarge Nigeria and Benin Republic, Mr. Jean-Christophe Barbant; Managing Director and Chief Executive Officer, Mr. Joe Hudson; Asiwaju Ademola Awosanya and awardees at the Long Service Award.

In consolidation of the various initiatives launched by the Company to focus on the development and certification of various key skills at the Plants, the Company continued with its technical training program in partnership with the Federal Polytechnic, Ilaro in Ogun State.

This is in addition to several other technical and non-technical trainings attended by identified members of staff from all the different strata of the organization, both locally and internationally. This was complemented by a significant number of employees who embarked on other various short and medium term expatriation assignments to various other Business Units within the Lafarge Group to further expose our local employees to better technology, processes and practices.

Overall, we had 734 employees trained in 2011 and recorded a total of 40,720 training hours.

### Employee Benefits and Rewards

The Company carried out various remuneration and benefit reviews in 2011 to sustain its competitiveness within the industry. The Company continued to use this to maintain its reputation as an employer of choice to retain existing talent and also attract talent both locally and

from the international talent market. This has paid dividend as we kept attracting very good hands globally in order to maintain our strategy of being an inclusive employer.

### Guiding Principles on the Company's Remuneration Policy

The Company's remuneration policy is based on the objective to attract, motivate and retain talented people by providing competitive total remuneration benefits - (base pay, variable pay, non-cash benefits). The highlights of our compensation policy, which are in alignment with Lafarge Group's standards are:

- To target total cash compensation (base salary and bonus) between the median and the upper quartile of companies within the peer group.
- Individual and team performances are rewarded through merit increase and performance bonus based on criteria linked with safety, value creation, personal and business objectives. Performance rewards are consistent throughout the Lafarge Group and we comply with all Group policies concerning bonus schemes and compensation for junior employees and Senior Executives.

- All employees share the Company's success through the Profit Sharing program.
- Stock ownership programs and Stock options programs are available to all employees and Senior Executives of the company via the Group scheme.
- All employees are provided with benefits coverage in line with local market practice, (Group life cover and Pension scheme), conveying a sense of security.
- The package design for any expatriate must follow Group guidelines, in order to achieve consistency and fairness within the Group.
- The decisions regarding people cannot be made only in the context of the immediate local environment. The recommendation for all major decision regarding people management, including compensation reviews, is made in alignment with Lafarge guidelines.
- The Company's job classification and pay ranges ensure that each position has a job grade assigned, which is communicated to the position holder. Using the same evaluation method facilitates the exchange of people within the Group and helps maintain fairness between all employees.

### Employee Relations Practices

The Company maintains a robust employee relations practice. Employees belong to various unions and associations and are thus represented in NUCFRALMPE, the trade union of our industry and Chemical and Non Metallic Product Senior Staff Association (CANMPSSA), the association of supervisors and management staff. Regular meetings are held with management through its appointed representatives, and we maintain a cordial relationship with the union and associations, using both formal and informal communication channels as may be required.

To ensure employees enjoy an excellent career with the

organization, the following employee relation practices are deployed among others:

- Objectives-setting and performance evaluation (based on yearly appraisal interviews).
- Compensation and benefits scheme is regularly reviewed using market surveys to achieve external competitiveness.
- Benefits coverage: medicals, long-term disability, life insurance, accidental death and injury, pension, in compliance with the Pension Act of 2004
- Stock ownership programs and Stock options programs.
- Internal benchmark of salary reviews and bonus distribution between Business Units and Divisions.
- Provision of sporting facilities like football pitches and standard golf courses to encourage regular exercise and fitness activities, resulting in work-life balance.
- Provision and maintenance of Estate facilities at all sites at subsidized rates for employees and their families, among other workplace development initiatives.
- Annual sports day and social events aimed at fostering interaction between all categories of employees and bringing our families to our place of work.

### Our People

Lafarge Cement WAPCO Nigeria Plc is an equal opportunity employer in keeping up with our Group and global best practice. The Company does not discriminate in its hiring and employment policies with respect to gender, race, religion or physical disabilities.

All qualified applicants are given equal opportunities to contest for available employment opportunities within the organization.

Internationally, we participated in major career fairs in 2011, held to attract and bring in highly experienced professionals of various nationalities who have worked with world class organizations in Nigeria and other countries around the globe.

In the year under review, a total of 966 full term employees were employed in the organization. A total of 22 employees were engaged to fill various positions in the Management Cadre of the Company, while 78 others joined in the non-Management Cadre in the course of the year. Our attrition rate was 3% in the year under review, indicating loyalty to the Lafarge WAPCO brand and achievement of a good retention and talent maximization objective.

Currently, 90% of our employees are male whilst we have three physically challenged employees.

### Employee Health and Safety

The Company enforces strict health and safety rules and practices both at work environments and off-work sites, which are reviewed periodically to ensure relevance and compliance.

The Company operates a medical policy that covers all employees and their dependents. The policy takes care of most medical situations from the mild to more complex issues and other serious diseases, including some categories of surgeries.

We operate on-site fully equipped clinics at both the head office and Plant locations, complementing this with access to designated reputable hospitals and clinics around employee's residences.

The Company also conducts an annual health week, which affords all employees an opportunity to undergo free comprehensive medical check, in order to keep a fit and healthy employee population always.

The Company's policy on HIV/AIDS includes non-disclosure and non-discriminatory clauses. Employees are however encouraged to visit government designated centres for voluntary counseling and testing services.

Our commitment to safe working environment and observance of full safety rules was further testified with the recent commissioning of the Ewekoro II "Lakatabu" Project, which ran full cycle with zero fatality and only 4 loss time incidents (LTI's).

### Employee Recognition

Annually, the Company recognizes and celebrates employees who have meritoriously served the organization on a long term basis of 10 years and above. 2011 was not an exception as a total of 44 employees in the 15, 20, 25 and 30 Years Long Service Awards categories were so celebrated in a very colourful ceremony attended by family, friends, employees and Directors of Lafarge WAPCO.



GM HR, Fidelia Osime giving an opening remark at the 2011 Annual Industrial Relations Seminar.



The President, Ewekoro Youth Council, Comrade Sunday Akinlade; former President, Ewekoro Youth Council, Comrade Kazeem Mustapha and Chief Dotun Oderinde of Itori Community during the Company's CSR presentation to Ewekoro Community.

## CSR: Contributing to Socio-Economic Progress

Lafarge WAPCO has a deliberate and sustained plan of contributing to the socio-economic progress of both its host communities and the society at large. This is achieved on the platform of long-term initiatives that aligns our development programmes with community and specific society needs to ensure tangible and sustainable impacts.

In order to maximize the impact of our corporate social investments, we have carefully defined our priority CSR focus areas as:

- Health & Safety
- Education
- Youth Empowerment
- Shelter and basic infrastructure

The Company recognizes that the health of the communities is very important. As a caring organization, this perhaps explains the importance of partnering with the community to improve the health and living conditions of communities.

This care was demonstrated recently when the Company in partnership with the community donated various medical equipment and other consumables to Seven Primary Health Centres in Sagamu Local Government area in order to improve healthcare delivery to the people. Similarly, health campaigns for the eradication of malarial fever and cholera were carried out in all the 11 communities in Ewekoro last year.

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 also involve the community at all stages of projects from conception, decision making to implementation, which to a large extent has ensured peaceful co-existence between the Company and our host communities.

At each of our Plants, we have the Community Development Committee in place comprising reputable members of the community endorsed by community leaders as representatives on the committee. Meetings of the committee are regularly held to discuss issues of common interest.

In recognition of its massive contribution to the development of the host communities, the Company was recognized by the Nigerian Society of Engineers (NSE) with the Presidential MERIT Award of High Level of Corporate Social Responsibility. At the community level, Sagamu Community Development Association also awarded the Company with the Sagamu Distinguished Corporate Business Award (SDCBA).

Between 2006 and 2011, Lafarge WAPCO has expended the sum of N733 million to the development of its host communities.

In 2011 alone, the sum of N173.950 million was committed to the following development projects in Sagamu and Ewekoro where our plants are situated.

### EDUCATION: Ewekoro

- Bursary Award to 106 under graduates in various tertiary institutions across the country
- Provision of 96,450 exercise books and writing materials to schools.

### Sagamu

- Provision of 300,100 exercise books for 52 Public Primary Schools
- Bursary Awards to 40 Undergraduates from the communities
- Donation of Textbooks & Science Laboratory Equipment to 18 Secondary Schools in Sagamu
- Introduction of WAEC/NECO Coaching Classes Scheme in Science and Mathematics for

final year students in Public Secondary School

- Upgrade of the Sagamu Library with 5 new Computer Sets, supply of Server and Internet facilities and a 10KVA Generator for the effective functioning of the Library
- Donation of Audiology Resource for hearing-impaired pupils at the School for the Special Needs
- Provision of Perkins Braille, Duxbury Braille Translator, Everest Embosser and ICT-Resources for visually-impaired persons for use at the Sagamu Public Library

**HEALTH, SAFETY & ENVIRONMENT:**

**Sagamu**

- Donation of 25 items of essential Medical/Health Equipment to 5 Primary Health Care Centres in Sagamu Local Government
- Promotion of public enlightenment campaign for personal health care and Safety.
- Advocacy and support for road safety
- Promotion of Safe & Healthy environment and implementation of effective domestic and industrial waste management strategies

**Ewekoro**

- Promotion of public enlightenment campaign on eradication of Malaria fever

**YOUTH EMPOWERMENT:**

**Ewekoro**

- Provision of vocational tools to 78 persons (A complete computer set and printer, 2 sets of Hair Drier and Tools, 13 Motorcycles 3 Sewing Machines, 5 Generators,1 OxMachine, 1 Tricycle(Keke Napep), 1 Clipper and 36 Chest Deep Freezers.
- 35 persons were given capital to start businesses of their choice
- Donation of 18 Seater Bus to the Youths

**Sagamu**

- Skill Acquisition - 47 Artisans trained in different vocation and empowered with working tools.

**AGRICULTURAL AID:**

**Sagamu**

- Maintenance of indigenous large-scale Fish Farming Project

**CARE FOR THE AGED:**

**Ewekoro**

- Provision of Relief Materials to 209 old people

**INFRASTRUCTURE SUPPORT:**

**Ewekoro**

- Olujobi – Olujobi Bridge
- Lapeleke – Concrete Road Construction
- Alaguntan – Concrete Road Construction
- Elebute - Portable Water (Borehole)
- Itori- Drainage Construction.
- Papalanto - Provision of Toilet.

- Ewekoro – Provision of Portable Water (Borehole)& Drainage Construction
- Egbado Ajegunle - Construction of 500 metres Drainage.
- Akinbo - Culvert Construction.
- Oke-Oko Egbado-Electrification, construction of Drainage and Concrete flooring around the Town hall
- Oke–Oko Sekoni- Electrification, construction of Drainage and Concrete flooring around the Town hall

**Sagamu**

- Provision of Potable Water: Rehabilitation of 35 Boreholes sunk in different locations
- Rehabilitation of 22 Deep water wells across Sagamu community
- Rehabilitation of 2 Public Toilets in Sagamu community

**SECURITY:**

- Annual financial support to local vigilante



The President, Nigerian Society of Engineers (NSE), Engr. Olumuyiwa Alade Ajibola FNSE presenting the Presidential MERIT Award of High Level of Corporate Social Responsibility to Lafarge Cement WAPCO Nigeria Plc, represented by Engr. Ademola Agboola at the NSE's 44th Annual Conference and AGM in Calabar.



Group photograph of graduands of the trained artisans scheme with Onijoku of Ijoku, Sagamu, HRM Oba M.L.S Ginsarrin, the Odofin of Seyindo, Sagamu during the Company's CSR presentation to Sagamu Community.

## Customer Orientation and Market Development

In recognition of the importance of the Customer as a key stakeholder and the need to continuously develop its market for competitive advantage, Lafarge WAPCO has embarked on a distinct journey of transforming the Company to a customer oriented organization. Proactive steps have been taken to restructure, encourage and fortify the Sales and Marketing team. Both strategic and tactical initiatives have also been developed with the objective of meeting and exceeding the expectations of our esteemed Customers.

### New Depot Opening & Depot Re-branding

As a means of increasing our market share, while also fostering relationship with both the end users and retailers, we have opened additional depots, bringing the current number of operational sales outlets to 19. Our depot rebranding effort is also yielding desired result in terms of enhanced brand visibility /image.

### Customer Complaint Management

To continually meet the demands of our Customers in a proactive manner, a new complaint management initiative was put in place, which allows Customers to either call in or send an email on issues of concern. This is a new step in moving Lafarge WAPCO towards a Customer centered organization. The Customer Care line is – 01 7730747.

### Rail Shipment of Cement

Lafarge WAPCO remains the only cement Company in Nigeria that is connected to rail. The opportunities that this advantage poses are being maximized in our partnership with the Nigeria Railway Corporation (NRC) on shipment of our products particularly to locations that will naturally pose challenge to road transportation. The formal launch of the project took place in October 2011. Shipment is currently being done on regular basis from Ewekoro to Ijoko, Agege, Ibadan, Osogbo and Ilorin. The target is to tap fully into the railway network across the country with appreciable volume as soon as possible.

### New Packaging

A new packaging was introduced for both the Elephant Classic and the Elephant Supaset in line with the Group's global standards, reinforcing our commitment to excellence, quality and Customer satisfaction. The Elephant logo, which transforms from Green to Black signifies the brand strength, resilience and enduring legacy of quality. Our new Elephant is quite active and on the move, with the trunk held in readiness for action to signify the brand's position for leadership, even in the face of stiff competition. In terms of aesthetics, the new bags stand out among competing brands in their striking colours.

The newly introduced bag is also in full compliance with the recent review by the Standards Organisation of Nigeria (SON).

### Trade Fairs/Exhibitions

In 2011, we participated in a number of exhibitions which provided the organisation unique brand visibility platforms and to gather information on business leads while responding to general enquiries on Company offerings.

### Stakeholders Engagement Forum (Artisans Forum):

In the year under review, the Sales & Marketing team engaged in various stakeholders' engagement programmes involving block-makers and Masons/Brick layers to achieve the objectives of providing information on products application, increasing bonding with Professional bodies and creating of awareness on Depot Retail Sales.



The Senior Marketing Manager, Lafarge Cement WAPCO Nigeria Plc, Mr. Rilwan Yusuf; Director, Nigeria Railway Corporation (NRC), Engr. Segun Ogunsegun and Executive Governor of Osun State, Ogbeni Rauf Aregbesola during the Cement Rail Haulage flag off ceremony in Osogbo.



General Manager, Sales & Marketing with customers of the Company.

# THE ACCOUNTS

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**TO THE MEMBERS OF LAFARGE CEMENT WAPCO NIGERIA PLC**

We have audited the accompanying consolidated financial statements of Lafarge Cement WAPCO Nigeria Plc and its subsidiary (the 'Group'), set out on pages 41 to 57 which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, consolidated statement of cash flows and consolidated statement of value added for the year then ended, statement of significant accounting policies, consolidated financial summary and other explanatory information.

**Directors' Responsibility for the Consolidated Financial Statements**

The Directors are responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lafarge Cement WAPCO Nigeria Plc and its subsidiary as at 31 December 2011, and of its financial performance and its cash flows for the year then ended; in our opinion, the company and its subsidiary has kept proper books of account, which are in agreement with the consolidated 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 Financial Reporting Council of Nigeria.

*Akinola Williams Deloitte*

Chartered Accountants  
Lagos, Nigeria

20 March 2012



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 Recommendation on accounting policies and together with Management responses.
- (c) Ascertained that the accounting and reporting of the Company for the year ended 31st December 2011 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, 2011 were adequate and Management's responses to the Auditors' findings were satisfactory.



O. O. Oyedele  
Chairman, Audit Committee  
Dated 16th March 2012



MR. OLAWALE OYEDELE  
Chairman



CHIEF PETER ASU  
Member



MR. ADEBAYO ADELEKE  
Member



CHIEF (DR.) JOSEPH SANUSI  
Director



MR. MOBOLAJI BALOGUN  
Director



MR. ALFRED AMOBI  
Finance Director

## STATEMENT OF MANAGEMENT RESPONSIBILITIES

### FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the report of the independent auditors set out on page 38 is made with a view of distinguishing the respective responsibilities of the management and those of the independent auditors in relation to the consolidated financial statements of Lafarge Cement WAPCO Nigeria Plc and its subsidiary (the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at 31 December 2011 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with Statement of Accounting Standards (SAS) issued by the Financial Reporting Council of Nigeria.

In preparing the consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making Judgments and estimates that are reasonable and prudent;
- Stating whether SAS's have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statement of the Group comply with SAS;
- Maintaining statutory accounting records in compliance with legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2011 were approved on 20 March 2012.



Chief Olusegun Osunkeye - OFR, OON  
Chairman



Joseph Hudson, ESQ.  
Managing Director/CEO

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

*The principal accounting policies adopted by the Company and its subsidiary 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. BASIS FOR CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Lafarge Cement WAPCO Nigeria Plc and its subsidiary, Lafarge Ready Mix Nigeria Limited, a company which commenced business during the year. All intercompany balances and transactions including unrealised intercompany profits are eliminated.

### 3. TURNOVER

Turnover represents revenue earned when title of the product, ownership and risk of loss is transferred to the customer on delivery or self – collection.

Revenue transactions represent sales of inventory. The revenue recorded is presented net of sales and other taxes collected on behalf of governmental authorities, and includes shipping and handling costs, which generally are included in the price list to the customer.

### 4. FIXED ASSETS

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

### 5. DEPRECIATION

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

	%
<b>Leasehold Land and Buildings</b>	
Freehold Land	Nil
Leasehold Land	Over the lease period
Buildings	3 <sup>1</sup> / <sub>3</sub>
<b>Production Plant:</b>	
Plant and Machinery	3 <sup>1</sup> / <sub>3</sub>
Ancillary Plant and Equipment	3 <sup>1</sup> / <sub>3</sub>
Mobile Plant	3 <sup>1</sup> / <sub>3</sub>
<b>Furniture, Equipment and Vehicles:</b>	
Fixtures	20
Computer and Information Technology Equipment	33 <sup>1</sup> / <sub>3</sub>
Vehicles- Saloon Cars	20
- Trucks	16 <sup>2</sup> / <sub>3</sub>
- Trailers	8 <sup>1</sup> / <sub>3</sub>

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

### 6. DEBTORS

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

### 7. STOCKS

Stocks are stated at the lower of cost and net realisable value. Raw materials which includes purchase cost and other cost incurred to bring the materials to their location and condition, is valued using weighted average cost. Cost of 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.

**8. 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.

**9. 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.

**10. 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.

**11. TAXATION**

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

**12. 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 in accordance with Statement of Accounting Standard (SAS) 19.

**13. 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.

**14. PROVISIONS**

Provisions are recognised when the Company has a 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 the Statement of Accounting Standard (SAS) 23.

**15. EARNINGS PER SHARE**

The Company and its subsidiary present basic earnings per share (EPS) for their ordinary shares. Basic earnings per share (EPS) are calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares issued and fully paid during the year in line with Statement of Accounting Standards (SAS) 21.

**16. DIVIDENDS**

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

**17. SEGMENT REPORTING**

The Group's business segments are presented by products that are subject to similar risks and returns.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	Group 2011 N'000	Company 2011 N'000	2010 N'000
Turnover	2	62,502,320	62,211,143	43,841,325
Cost of sales		(42,898,303)	(42,666,564)	(30,535,335)
		<hr/>	<hr/>	<hr/>
Gross profit		19,604,017	19,544,579	13,305,990
Distribution and administration expenses		(7,956,331)	(7,881,560)	(5,071,217)
		<hr/>	<hr/>	<hr/>
Operating Profit		11,647,686	11,663,019	8,234,773
Interest paid		(1,788,644)	(1,788,644)	-
Other income	3	136,801	136,801	162,901
Interest income		223,390	223,390	66,691
		<hr/>	<hr/>	<hr/>
Profit before taxation	4	10,219,233	10,234,566	8,464,365
Taxation	5	(1,709,886)	(1,709,886)	(3,583,002)
		<hr/>	<hr/>	<hr/>
Profit after taxation	17	<b>8,509,347</b>	<b>8,524,680</b>	<b>4,881,363</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Per share data (Kobo):</b>				
Earnings - Basic		283	284	163
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accounting policies on pages 41 to 42 and the notes on pages 46 to 55 form an integral part of these financial statements.

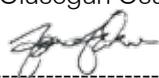
## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	Group 2011 N'000	Company 2011 N'000	2010 N'000
<b>FIXED ASSETS</b>	6	127,904,658	127,541,809	100,751,762
<b>LONG TERM INVESTMENTS</b>	7	40,000	90,000	60,206
		<u>127,944,658</u>	<u>127,631,809</u>	<u>100,811,968</u>
<b>CURRENT ASSETS</b>				
Stocks	8	10,315,930	10,282,629	9,728,462
Trade debtors		688,499	641,384	569,576
Other debtors and prepayments	9	1,495,164	1,422,158	1,555,832
Due from related companies	20.1	806,187	1,247,954	566,834
Short term investment	18.2	1,054,000	1,054,000	-
Cash at bank and in hand	18.2	10,365,833	10,297,526	5,248,241
		<u>24,725,613</u>	<u>24,945,651</u>	<u>17,668,945</u>
<b>CREDITORS: Amounts falling due within one year</b>				
Bank overdraft	18.2	-	-	1,411,535
Trade Creditors		5,330,675	5,294,185	2,113,675
Other creditors and accruals	10	19,399,575	19,327,921	7,368,080
Provisions	11	662,401	662,401	295,000
Term loans	12	4,038,215	4,038,215	45,183,245
Due to related companies	20.2	2,278,382	2,278,382	865,520
Taxation	5	886,672	886,672	833,016
		<u>32,595,920</u>	<u>32,487,776</u>	<u>58,070,071</u>
<b>NET CURRENT LIABILITIES</b>		<u>(7,870,307)</u>	<u>(7,542,125)</u>	<u>(40,401,126)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>120,074,351</u>	<u>120,089,684</u>	<u>60,410,842</u>
Deferred taxation	14	(9,954,421)	(9,954,421)	(8,532,311)
<b>CREDITORS: Amounts falling due after one year</b>				
Term loans	12	(49,706,960)	(49,706,960)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Gratuity provision	15	(4,362,262)	(4,362,262)	(3,586,770)
		<u>56,050,708</u>	<u>56,066,041</u>	<u>48,291,761</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	16	1,500,800	1,500,800	1,500,800
Share premium		9,488,747	9,488,747	9,488,747
Revaluation reserve		3,176	3,176	3,176
Revenue reserve	17	45,057,985	45,073,318	37,299,038
		<u>56,050,708</u>	<u>56,066,041</u>	<u>48,291,761</u>

The consolidated financial statements on pages 38 to 57 were approved by the Board of Directors on 20 March 2012 and signed on its behalf by:

  
Chief Olusegun Osunkeye OFR, OON

  
Joseph Hudson, ESQ.

}  
} Directors

The accounting policies on pages 41 to 42 and the notes on pages 46 to 55 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOW**  
YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 N'000	Company 2011 N'000	2010 N'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers		68,368,256	68,124,194	44,617,333
Cash paid to suppliers and employees		(38,172,584)	(38,360,364)	(31,961,035)
Value added tax (net)		374,003	366,615	382,411
Income tax paid	5	(234,120)	(234,120)	(445,584)
Net cash provided by operating activities	18.1	30,335,555	29,896,325	12,593,125
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income		223,390	223,390	66,691
Purchase of fixed assets	6.6	(25,239,611)	(24,868,688)	(28,913,209)
Proceeds from sale of fixed assets		75,556	75,556	47,222
Net cash provided by investing activities		(24,940,665)	(24,569,742)	(28,799,296)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid		(5,623,293)	(5,623,293)	(3,674,518)
Term loans (net)	12	8,561,930	8,561,930	20,389,851
Dividend paid	13	(750,400)	(750,400)	(300,160)
Net cash provided by financing activities		2,188,237	2,188,237	16,415,173
<b>Net increase in cash and cash equivalents</b>		7,583,127	7,514,820	209,002
<b>Cash and cash equivalents at 1 January</b>		3,836,706	3,836,706	3,627,704
<b>Cash and cash equivalents at 31 December</b>	18.2	<b>11,419,833</b>	<b>11,351,526</b>	<b>3,836,706</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

### 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. On 21 December 2010, Lafarge Ready Mix Nigeria Limited was incorporated as a wholly owned subsidiary of Lafarge Cement WAPCO Nigeria Plc. It commenced business operations in September 2011.

#### 1.2 Principal activities

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

Lafarge Ready Mix Nigeria Limited is involved in the manufacture and sales of ready mix concrete and screeds; wet and dry block mortar; cement based plaster and renders etc.

### 2. TURNOVER

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

#### 2.1 Segment Information

The company and its subsidiary are involved in the manufacture and sale of cement, concrete and related products. There is only one business segment as the risks and returns of the products manufactured and sold are similar.

	Group 2011 N'000	Company 2011 N'000	2010 N'000
<b>3. OTHER INCOME</b>			
Rental income	70,547	70,547	89,609
Scrap sales	60,792	60,792	52,138
Profit on disposal of fixed assets	5,462	5,462	21,154
	136,801	136,801	162,901
<b>4. PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING/ (CREDITING):</b>			
Directors' emoluments (Note 19)	32,373	32,373	66,732
Staff costs (Note 19)	5,127,918	5,090,798	3,569,689
Depreciation (Note 6.5)	2,075,031	2,066,957	1,814,822
Auditors' remuneration	28,266	28,266	28,266
Profit on disposal of fixed assets	(5,462)	(5,462)	(21,154)
Royalties (Note 20.3)	1,215,966	1,215,966	810,803
Interest income	(223,390)	(223,390)	(66,691)
Exchange loss	765,646	765,646	28,019
	-	-	-
<b>5. TAXATION</b>			
<b>5.1 Per profit and loss</b>			
Income tax based on profit for the year (Note 5.5)	-	-	-
Education tax	287,776	287,776	234,120
	287,776	287,776	234,120
Deferred tax (Note 14)	1,422,110	1,422,110	3,348,882
	1,709,886	1,709,886	3,583,002
<b>5.2 Per balance sheet</b>			
At 1 January	833,016	833,016	1,044,480
Charge for the year	287,776	287,776	234,120
Payment during the year	(234,120)	(234,120)	(445,584)
	886,672	886,672	833,016

**5.3** 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.

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

**5.5** There was no income tax provision during the year because of the utilisation of unrecovered capital allowances for the period. The un-recouped capital allowances carried forward as at 31 December 2011 stood at N62.8 billion (2010- N 47.4 billion).

**6. FIXED ASSETS**  
**6.1 Group**

	Leasehold Land and Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture, Equipment and Vehicles N'000	Capital Work- in-progress N'000	Total N'000
<b>Cost/valuation</b>						
At 1 January	1,987,144	40,220,400	-	3,871,503	68,462,757	114,541,804
Reclassification	-	(446,894)	446,894	-	-	-
Additions	16,166	342,112	-	12,645	28,857,484	29,228,407
Transfers	286,735	21,911,808	154,147	236,854	(22,589,544)	-
Disposals	-	-	-	(89,144)	-	(89,144)
At 31 December	2,290,045	62,027,426	601,041	4,031,858	74,730,697	143,681,067
<b>Depreciation</b>						
At 1 January	573,899	9,751,940	-	3,464,203	-	13,790,042
Charge for the year	57,255	1,706,708	119,006	192,062	-	2,075,031
On disposals	-	-	-	(88,664)	-	(88,664)
At 31 December	631,154	11,458,648	119,006	3,567,601	-	15,776,409
<b>Net book value</b>						
At 31 December 2011	1,658,891	50,568,778	482,035	464,257	74,730,697	127,904,658

**6.2 Company**

	Leasehold Land and Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture, Equipment and Vehicles N'000	Capital Work- in-progress N'000	Total N'000
<b>Cost/valuation</b>						
At 1 January	1,987,144	40,220,400	-	3,871,503	68,462,757	114,541,804
Reclassification	-	(446,894)	446,894	-	-	-
Additions	-	-	-	-	28,857,484	28,857,484
Transfers	286,735	21,911,808	154,147	236,854	(22,589,544)	-
Disposals	-	-	-	(89,144)	-	(89,144)
At 31 December	2,273,879	61,685,314	601,041	4,019,213	74,730,697	143,310,144
<b>Depreciation</b>						
At 1 January	573,899	9,751,940	-	3,464,203	-	13,790,042
Charge for the year	57,255	1,702,468	119,006	188,228	-	2,066,957
On disposals	-	-	-	(88,664)	-	(88,664)
At 31 December	631,154	11,454,408	119,006	3,563,767	-	15,768,335
<b>Net book value</b>						
At 31 December 2011	1,642,725	50,230,906	482,035	455,446	74,730,697	127,541,809
At 31 December 2010	1,413,245	30,468,460	-	407,300	68,462,757	100,751,762

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>6.4 Leasehold land and buildings comprise:</b>			
Over 50 years of unexpired leases	1,683,202	1,667,036	1,448,757
Under 50 years of unexpired leases	606,843	606,843	538,387
	2,290,045	2,273,879	1,987,144
<b>6.5 Depreciation charged in the year is included in:</b>			
Production expenses	1,941,907	1,937,667	1,615,767
Administration expenses	133,124	129,290	199,055
	2,075,031	2,066,957	1,814,822
<b>6.6 Additions to fixed assets during the year comprise:</b>			
Tangible fixed assets	25,239,611	24,868,688	28,913,209
Spare parts capitalised	154,147	154,147	446,894
Interest capitalised	3,834,649	3,834,649	3,674,518
	29,228,407	28,857,484	33,034,621
<b>7. LONG TERM INVESTMENTS</b>			
Unquoted investments:			
Lafarge Ready Mix Nigeria Limited	-	50,000	-
Nigerian Foundries Limited (Note 7.2)	40,000	40,000	40,000
Nigerian Kraft Bags Limited (Note 7.1)	21,436	21,436	21,436
	61,436	111,436	61,436
Provision for diminution in value	(21,436)	(21,436)	(1,230)
	40,000	90,000	60,206
<b>7.1</b> 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 NKB is dormant and full provision has been made for the investment.			
<b>7.2</b> Nigerian Foundries Limited (NFL) is also a private company limited by shares. The Company holds 11.25% shareholding in NFL.			
<b>7.3</b> Lafarge Ready Mix Nigeria Limited is wholly owned subsidiary of Lafarge cement WAPCO Nigeria Plc.			
	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>8. STOCKS</b>			
Raw materials	2,379,979	2,349,290	2,556,942
Work in progress	769,589	769,589	2,573,425
Finished goods	505,186	505,186	211,284
Goods in transit	1,673,508	1,673,508	30,385
Engineering and consumable stores	5,746,269	5,743,657	4,974,792
	11,074,531	11,041,230	10,346,828
Provision for obsolescence and slow-moving items	(758,601)	(758,601)	(618,366)
	10,315,930	10,282,629	9,728,462

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED 31 DECEMBER 2011

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>9. OTHER DEBTORS AND PREPAYMENTS</b>			
Prepaid rent and insurance	301,892	271,737	295,507
Prepaid overburden cost (Note 9.1)	594,652	594,652	653,210
Staff balances	88,865	88,716	71,051
Advance payments to suppliers	289,461	289,461	358,744
Amount due from Macmahon (Note 9.2)	75,556	75,556	122,778
Lafarge Employees Share Scheme	97,849	97,849	49,788
Other debtors	46,889	4,187	4,754
	<u>1,495,164</u>	<u>1,422,158</u>	<u>1,555,832</u>

**9.1** This relates to prepaid expenses at the plants in respect of quarry overburden cost paid to contractors. The cost is amortised monthly based on monthly extraction reports.

**9.2** 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, 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 2011 stood at N47.2 million and N75.5 million respectively.

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>10. OTHER CREDITORS AND ACCRUALS</b>			
Customers' deposits	10,550,086	10,550,086	4,681,237
Value added tax	454,137	446,749	80,134
Accrued expenses	6,849,961	6,792,020	2,165,944
Other creditors	153,284	152,487	61,032
Accrued interest payable	967,697	967,697	188,692
Withholding tax payable	420,852	417,001	134,492
Pension fund payable (Note 10.1)	3,558	1,881	56,549
	<u>19,399,575</u>	<u>19,327,921</u>	<u>7,368,080</u>

**10.1 PENSION FUND PAYABLE**

At 1 January	56,549	56,549	62
Contributions during the year	394,256	392,579	263,691
Remittance during the year	(447,247)	(447,247)	(207,204)
	<u>3,558</u>	<u>1,881</u>	<u>56,549</u>

	<b>Group and Company</b>			<b>31 December 2011 N'000</b>
	<b>1 January 2011 N'000</b>	<b>Addition N'000</b>	<b>Utilised N'000</b>	
<b>11. PROVISIONS</b>				
Site rehabilitation	20,000	278,500	(36,208)	262,292
Employee profit sharing scheme	275,000	239,131	(193,604)	320,527
Productivity bonus	-	153,331	(73,749)	79,582
	<u>295,000</u>	<u>670,962</u>	<u>(303,561)</u>	<u>662,401</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

	Group 2011 N'000	Company 2011 N'000	2010 N'000
<b>12. TERM LOANS</b>			
At 1 January	45,183,245	45,183,245	24,793,394
Additions during the year	34,382,486	34,382,486	20,389,851
Repayments during the year	(25,820,556)	(25,820,556)	-
At 31 December	<u>53,745,175</u>	<u>53,745,175</u>	<u>45,183,245</u>
Current portion:			
Falling due within one year	<u>4,038,215</u>	<u>4,038,215</u>	<u>45,183,245</u>
Non-current portion:			
Falling due within 1 - 2 years	324,475	324,475	-
Falling due within 2 - 5 years	49,382,485	49,382,485	-
	<u>49,706,960</u>	<u>49,706,960</u>	<u>-</u>
	<u>53,745,175</u>	<u>53,745,175</u>	<u>45,183,245</u>

The outstanding amounts due to the lenders are as follows;

	Group 2011 N'000	Company 2011 N'000	2010 N'000
Standard Chartered Bank, London	2,414,756	2,414,756	3,917,204
Guaranty Trust Bank Plc	4,650,000	4,650,000	8,938,748
China Construction Bank Corporation	381,121	381,121	1,506,617
Standard Bank of South Africa Limited	466,873	466,873	1,845,606
Citibank Nigeria Limited	571,681	571,681	2,259,925
First Bank of Nigeria Plc	3,104,023	3,104,023	5,000,000
Stanbic IBTC Bank Plc	4,838,102	4,838,102	10,325,145
Union Bank of Nigeria Plc	2,090,755	2,090,755	3,390,000
Access Bank Plc	1,210,840	1,210,840	1,600,000
Keystone Bank	1,075,546	1,075,546	1,600,000
Ecobank Nigeria Plc	2,137,563	2,137,563	3,200,000
First City Monument Bank Plc	1,021,429	1,021,429	1,600,000
Lafarge S.A loan	5,442,486	5,442,486	-
Power Fund	12,460,000	12,460,000	-
Bond Holders	11,880,000	11,880,000	-
	<u>53,745,175</u>	<u>53,745,175</u>	<u>45,183,245</u>

The Medium Term Loan is made up of US\$114.5 million and N27.9 billion syndicated loan facilities, and is 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. Both facilities have been fully utilised as at 31 December 2011.

In February 2011, a supplemental syndicated loan facility of N17 billion was arranged for a period of 60 months. The supplemental facility is subject to interest rate at 90 days NIBOR rate plus 1.4% margin per annum, payable quarterly. As at 31 December 2011, only N4.6 billion was utilised. In July 2011, Lafarge accessed the CBN Power and Aviation Intervention fund and obtained loan in the sum of N12.46 billion through Guaranty Trust Bank Plc. The funds were used to refinance the existing medium term loans. Lafarge WAPCO concluded its 3-year corporate bond issuance in October 2011. Total Bond proceeds was NGN11.88 billion at a coupon rate of 11.5% per annum. The proceeds were also used to further refinance the USD and NGN loan facilities.

Security on the facilities is a fixed and floating charge over the company's existing and future assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

	Group 2011 N'000	Company 2011 N'000	2010 N'000
<b>13. DIVIDEND PAYABLE</b>			
At 1 January	-	-	-
Prior year dividend (Note 17)	750,400	750,400	300,160
Payments during the year	(750,400)	(750,400)	(300,160)
At 31 December	-	-	-
<b>14. DEFERRED TAXATION</b>			
At 1 January	8,532,311	8,532,311	5,183,429
Arising during the year	1,422,110	1,422,110	3,348,882
At 31 December	9,954,421	9,954,421	8,532,311
<b>15. GRATUITY PROVISION</b>			
At 1 January	3,586,770	3,586,770	2,801,412
Provision for the year	917,616	917,616	833,513
Payments during the year	(142,124)	(142,124)	(48,155)
At 31 December	4,362,262	4,362,262	3,586,770
<b>16. SHARE CAPITAL</b>			
Authorised:			
4,573,866,672 Ordinary Shares of 50k each	<b>2,286,933</b>	<b>2,286,933</b>	<b>2,286,933</b>
Issued and fully paid:			
3,001,600,004 Ordinary Shares of 50k each	<b>1,500,800</b>	<b>1,500,800</b>	<b>1,500,800</b>
<b>17. REVENUE RESERVE</b>			
At 1 January	37,299,038	37,299,038	32,717,835
Prior year dividend (Note 13)	(750,400)	(750,400)	(300,160)
Retained profit for the year	8,509,347	8,524,680	4,881,363
At 31 December	<b>45,057,985</b>	<b>45,073,318</b>	<b>37,299,038</b>

On 23 May 2011, a dividend of 25 kobo per ordinary share representing total dividend of N750.4 million (2010: 10 kobo per ordinary share totaling N300.2 million) 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 gross dividend of 75 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 23rd May 2012. The total estimated dividend payable is N 2.251 billion.

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>18. NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>18.1 Reconciliation of net income to net cash provided by operating activities</b>			
Profit after taxation	8,509,347	8,524,680	4,881,363
<b>Adjustment to reconcile net income to net cash provided by operating activities:</b>			
Depreciation	2,075,031	2,066,957	1,814,822
Profit on disposal of fixed assets	(5,462)	(5,462)	(21,154)
Interest income	(223,390)	(223,390)	(66,691)
Capitalised spares	(154,147)	(154,147)	(446,894)
Interest paid	1,788,644	1,788,644	-
<b>Changes in assets and liabilities:</b>			
(Increase)/decrease in stocks	(587,468)	(554,166)	2,788,918
Increase in trade debtors	(118,923)	(71,808)	(384,299)
Decrease/(increase) in other debtors and prepayments	60,668	133,674	(590,213)
Increase in due from related companies	(630,872)	(780,530)	(331,628)
Decrease in deposit for imports	-	-	13,644
Increase/(decrease) in trade creditors	3,217,000	3,180,510	(407,938)
Increase in other creditors and accruals	12,373,606	11,959,842	1,316,357
Increase/(decrease) in provisions	367,401	367,401	(38,159)
Increase in due to related companies	1,412,862	1,412,862	142,221
Increase in gratuity provision	775,492	775,492	785,358
Increase in deferred taxation	1,422,110	1,422,110	3,348,882
Increase/(decrease) in income tax	53,656	53,656	(211,464)
Total Adjustments	21,826,208	21,371,645	7,711,762
Net cash provided by operating activities	30,335,555	29,896,325	12,593,125
<b>18.2 Reconciliation of cash and cash equivalents</b>			
Cash in hand and at bank	10,365,833	10,297,526	5,248,241
Short term investment	1,054,000	1,054,000	-
Bank overdraft	-	-	(1,411,535)
	<b>11,419,833</b>	<b>11,351,526</b>	<b>3,836,706</b>

**19. DIRECTORS AND EMPLOYEES**

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

	Group 2011 Number	2011 Number	Company 2010 Number
Production	694	646	551
Sales and distribution	140	139	100
Administration	188	181	170
	<b>1,022</b>	<b>966</b>	<b>821</b>

	Group 2011 N'000	2011 N'000	Company 2010 N'000
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Staff costs relating to the above were:

Salaries and wages	3,999,449	3,962,329	2,516,367
Retirement benefit	924,796	924,796	833,513
Medical and welfare	135,372	135,372	164,598
Other benefits	68,301	68,301	55,211
	<b>5,127,918</b>	<b>5,090,798</b>	<b>3,569,689</b>

i. Chairman's and Directors' emoluments.  
The non – executive Directors emoluments comprise:

Chairman	650	650	650
Others	2,500	2,500	5,220
	<b>3,150</b>	<b>3,150</b>	<b>5,870</b>
Other allowances and expenses	29,223	29,223	60,862
Total Emoluments	<b>32,373</b>	<b>32,373</b>	<b>66,732</b>

ii. The highest paid Director

	20,000	20,000	19,735
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iii. Number of Directors whose emoluments were within the following ranges:

N	N	2011 Number	2011 Number	2010 Number
Up to	10,000,000	6	6	6
10,000,001	and above	4	3	3
		<b>10</b>	<b>9</b>	<b>9</b>
Directors not collecting emoluments		<b>4</b>	<b>3</b>	<b>3</b>

There were no share options during the year.

**Emoluments**

N	N	Group 2011 Number	Company 2011 Number	2010 Number
500,001	- 1,000,000	368	321	245
1,000,001	- 1,500,000	7	3	58
1,500,001	- 2,000,000	364	363	264
2,000,001	- 2,500,000	87	87	94
2,500,001	- 3,000,000	62	61	68
3,000,001	- 3,500,000	12	12	7
3,500,001	- 4,000,000	9	9	21
4,000,001	- 4,500,000	23	22	2
4,500,001	- 5,000,000	2	2	16
5,000,001	- 5,500,000	3	3	9
5,500,001	- 6,000,000	28	28	2
6,000,001	- 6,500,000	5	5	1
6,500,001	- 7,000,000	6	6	-
Above 7,000,000		46	44	34
		<b>1,022</b>	<b>966</b>	<b>821</b>

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
<b>20 RELATED PARTY TRANSACTIONS</b>			
<b>20.1 Amounts due from related companies</b>			
Lafarge Nigeria	27,615	27,615	-
AshakaCem Plc	58,529	58,529	-
Lafarge Middle East and Africa	643,703	643,703	471,493
SCB Lafarge, Benin	4,896	4,896	4,896
United Cement Company of Nigeria	61,984	61,984	42,117
Atlas Cement Company Limited	-	-	25,789
Lafarge Ready Mix Nigeria Limited	-	441,767	20,661
Lafarge CTC Cairo	9,460	9,460	1,878
	<b>806,187</b>	<b>1,247,954</b>	<b>566,834</b>

**20.2 Amounts due to related companies**

Nigerian Kraft Bags Limited	98,849	98,849	98,849
Lafarge Corp	193,089	193,089	145,832
Lafarge S.A.	1,661,671	1,661,671	503,487
Lafarge Africa Procurement Service	22,816	22,816	21,121
Lafarge Cement Pakistan	10,776	10,776	-
Atlas Cement Company Limited	5,891	5,891	-
Lafarge ZA (South Africa)	8,805	8,805	57,186
Lafarge Cementia	276,485	276,485	16,508
AshakaCem Plc	-	-	22,537
	<b>2,278,382</b>	<b>2,278,382</b>	<b>865,520</b>

**20.3 Technical Know-How and Business Support Agreement**

The Company has entered into an Industrial Franchise Agreement and a Service Agreement with Lafarge S.A. 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 S.A. 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 S.A. 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 S.A. of a fee of 2% of net sales for the Industrial Franchise Agreement which amounted to N1.216 billion at 31 December 2011 (2010 : N810.8 million).

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

**20.4** The related party transactions were carried out on commercial terms and conditions and hence the Directors are of the opinion that there are no conflicts of interests.

	<b>Group 2011 N'000</b>	<b>Company 2011 N'000</b>	<b>2010 N'000</b>
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**21. COMMITMENTS AND CONTINGENCIES**

**21.1 Capital commitments**

Capital expenditure approved but not contracted	<b>99,418</b>	<b>99,418</b>	<b>102,500</b>
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**21.2 Other contingencies**

As at 31 December 2011, there were contingent liabilities in respect of litigations against the Company amounting to N1.03 billion (2010: N1.2 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 by Ewekoro Power Plant Limited (EPL) 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 USD 14.6m on a reducing balance basis over the purchase agreement. The commitment as at 31 December 2011 stood at USD 6.5m.

**21.3 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.

**22 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 a partly funded gratuity scheme. 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.

**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 to the current year classification.

**CONSOLIDATED STATEMENT OF VALUE ADDED**  
**YEAR ENDED 31 DECEMBER 2011**

	Group 2011 N'000		Company		2010 N'000	
		%	2011 N'000	%		%
Turnover	62,502,320		62,211,143		43,841,325	
Other income	136,801		136,801		162,901	
Interest income	223,390		223,390		66,691	
Purchase of goods & services						
- Imported	(4,802,078)		(4,802,078)		(4,209,775)	
- Local	(38,849,607)		(38,588,291)		(26,012,266)	
	<b>19,210,826</b>	<b>100</b>	<b>19,180,965</b>	<b>100</b>	<b>13,848,876</b>	<b>100</b>
<b>Applied as follows:</b>						
<b>Employees:</b>						
Salaries and benefits	5,127,918	27	5,090,798	27	3,569,689	26
<b>Provider of funds:</b>						
Interest	1,788,644	9	1,788,644	9	-	-
<b>Government:</b>						
Taxation	287,776	2	287,776	2	234,120	2
<b>The future:</b>						
Depreciation	2,075,031	11	2,066,957	11	1,814,822	13
Deferred taxation	1,422,110	7	1,422,110	7	3,348,882	24
Profit for the year	8,509,347	44	8,524,680	44	4,881,363	35
	<b>19,210,826</b>	<b>100</b>	<b>19,180,965</b>	<b>100</b>	<b>13,848,876</b>	<b>100</b>

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. 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.

**CONSOLIDATED FINANCIAL SUMMARY**  
**YEAR ENDED 31 DECEMBER 2011**

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
<b>ASSETS/LIABILITIES</b>					
Fixed assets	127,904,658	100,751,762	69,680,809	43,121,096	33,356,068
Long term investments	40,000	60,206	60,206	60,206	60,206
Net current (liabilities)/assets	(7,870,307)	(40,401,126)	6,747,778	487,739	1,431,531
	<u>120,074,351</u>	<u>60,410,842</u>	<u>76,488,793</u>	<u>43,669,041</u>	<u>34,847,805</u>
Deferred taxation	(9,954,421)	(8,532,311)	(5,183,429)	(1,454,576)	(293,789)
Term loans	(49,706,960)	-	(24,793,394)	-	-
Gratuity provision	(4,362,262)	(3,586,770)	(2,801,412)	(1,758,345)	(1,748,005)
	<u><b>56,050,708</b></u>	<u><b>48,291,761</b></u>	<u><b>43,710,558</b></u>	<u><b>40,456,120</b></u>	<u><b>32,806,011</b></u>
<b>CAPITAL AND RESERVES</b>					
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	45,057,985	37,299,038	32,717,835	29,463,397	21,813,288
	<u><b>56,050,708</b></u>	<u><b>48,291,761</b></u>	<u><b>43,710,558</b></u>	<u><b>40,456,120</b></u>	<u><b>32,806,011</b></u>
<b>TURNOVER AND PROFITS</b>					
Turnover	<u><b>62,502,320</b></u>	<u><b>43,841,325</b></u>	<u><b>45,589,798</b></u>	<u><b>43,273,809</b></u>	<u><b>38,664,795</b></u>
Operating profit	11,647,686	8,234,773	8,276,596	12,125,133	11,575,204
Profit before exceptional item	10,219,233	8,464,365	8,955,716	12,768,896	11,665,291
Exceptional item	-	-	281,612	264,323	871,140
Profit before taxation	10,219,233	8,464,365	9,237,328	13,033,219	12,536,431
Extraordinary item	-	-	-	-	(500,214)
Profit for the year	<u>8,509,347</u>	<u>4,881,363</u>	<u>5,055,398</u>	<u>11,252,030</u>	<u>10,678,652</u>
Proposed dividend	<u>2,251,200</u>	<u>750,400</u>	<u>300,160</u>	<u>1,800,960</u>	<u>3,601,920</u>
<b>Per share data (Kobo)</b>					
Earnings - Basic	283	163	168	375	356
Dividend (kobo)	75	25	10	60	120
Dividend cover (times)	3.8	6.5	16.8	6.2	3.0
Net assets	<u>1,868</u>	<u>1,609</u>	<u>1,456</u>	<u>1,348</u>	<u>1,093</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.

## SHAREHOLDING INFORMATION

### AS AT 31 DECEMBER 2011

#### REGISTER RANGE

Range	No. of Holders	Percent	Units	Percent
1 - 500	17,358	28.1033	4,990,234	0.1663
501 - 5,000	34,032	55.0992	58,895,744	1.9621
5,001 - 50,000	9,080	14.7009	128,275,510	4.2736
50,001 - 500,000	1,123	1.8182	149,285,605	4.9735
500,001 - 5,000,000	141	0.2283	226,174,782	7.5351
5,000,001 - 50,000,000	23	0.0372	353,545,961	11.7786
50,000,001 - 500,000,000	7	0.0113	1,388,866,505	46.2709
500,000,001 - 3,001,600,00	1	0.0016	691,565,663	23.0399
Grand Total	61,765	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, 2011 has also been posted on the Company's website for easy access. The address of the website is [www.lafargewapco.com](http://www.lafargewapco.com).

The Company Registrars have advised that the total amount outstanding as at December 31st, 2011 is N328,808,894.68. This amount is still being held by the Registrar.

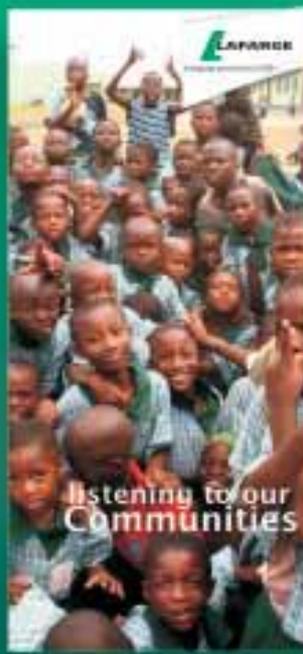
**SHARE CAPITAL HISTORY**

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	

**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

# BUILDING STRONG VALUES



# 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 53rd Annual General Meeting of Lafarge Cement WAPCO Nigeria Plc will be held at the Muson Centre, Onikan, Lagos on Wednesday, 23rd May 2012 at 11.00am.

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 Wednesday, 23rd May 2012 and at any Adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012 \_\_\_\_\_

Shareholder's Signature

Resolutions	For	Against
1. To receive the Audited Financial Statements for the year ended 31st December 2011, the Reports of the Directors, Auditors and Audit Committee thereon.		
2. To declare a dividend		
3. a. To re-elect Directors: Chief Olusegun Osunkeye OON OFR Chief (Dr.) Joseph Sanusi CON Guillaume Roux Esq. Jean-Christophe Barbant Esq.		
b. To elect Directors: Mr. Fred Amobi Mr. Jean-Carlos Angulo		
4. To authorise the Directors to fix the remuneration of the External Auditors		
5. To elect members of the Audit Committee		
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 53RD 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 the Muson Centre Onikan, Lagos on Wednesday, 23rd May 2012 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.

The Registrar  
City Securities Limited  
17A Primrose Tower, 2nd Floor  
Tinubu Square, Lagos  
P. O. Box 9117, Lagos  
Nigeria