



Lagan Cement Limited

A Lagan Company

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Ms. Laura Burke
Director General
EPA
Johnstown Castle Estate,
Co. Wexford

DIRECTOR - GENERAL'S
OFFICE
- 2 MAR 2012

28th February, 2012

Ref. 487-06 Licence Review Application April 2010 - Feb 2012

Dear Ms Burke,

I am writing to express my concern regarding the length of time it has taken to process our above referenced IPPC review application. Our initial pre-application meeting took place in April 2010 and the licence remains unresolved as of today's date. The seriousness of this matter has elevated it to the attention of the board of directors of Lagan Cement and I now feel compelled to write to share my concerns at the highest level within the Agency.

In European cement manufacturing terms, Lagan Cement is a small lone operator. In order for an independent company to survive a catastrophic collapse in its main market, Lagan Cement must innovate and be allowed to adapt quickly. Lagan Cement urgently requires completion of its licence review application in order to commence operation of a new quarry and to add new fuels to our existing list of authorised waste derived fuels. To date we have spent over €10M on land acquisitions and infrastructure to accommodate the quarry extension and new fuels. The investment was made to allow us to reduce our operating costs so that we could overcome transport costs and compete in overseas markets.

In this time of economic crisis, it is completely insupportable for a €10M capital investment to remain unavailable for use over a period of 2 years. This delay is of particular note as it occurs during the single biggest contraction in our industry in living memory. It is my view that such long IPPC review periods are a significant barrier to business in Ireland, and put our business at huge competitive disadvantage compared to those operating in our nearest EU neighbours. It is my opinion that the IPPC process, as it is implemented in Ireland, is becoming a significant barrier to trade and is putting our business at considerable risk.

It is our understanding that licence 487-06 is now due for determination on the 16th of March 2012. Any extension of the decision making timeframe beyond this point will have a catastrophic impact on our business through irrevocable losses in revenue. It is a widely known fact that the market for construction materials in Ireland has collapsed. In order to survive in such trading conditions, Lagan Cement has focused on selling into export markets, e.g. the UK and mainland Europe.

Directors: J.P.K. Lagan, J. Lagan, T. Lagan, J.P. Duffy,
Company Secretary: Ciara Cassidy **Company Registration no:** 237663



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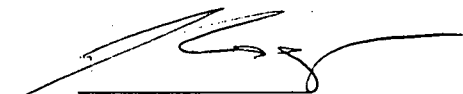
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Selling into overseas markets incurs very significant additional transport costs. To sustain viability, these costs must be countered through cost reduction elsewhere in the business. Our workforce has shown considerable flexibility and sadly we have been forced to cut staff numbers and pay rates considerably.

In order to compete in a European context, Lagan Cement must be regulated in a manner to allow us to react quickly to changing circumstances and adopt standard lowest cost fuel practises, as commonly and safely adopted across the industry. Any-loss in revenue, caused by further time delays with the processing of our licence, will significantly undermine our ability to sustain employment in our Kinnegad production facility.

In light of the potential implications of this matter to the viability of our business, I would welcome your assurances that the licence will proceed, from this point, with all due expedience.

Yours sincerely,



Jude Lagan
CEO Lagan Cement Group

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Cc
Mr Danny McCoy, IBEC
Mr David Burke, Enterprise Ireland
Mr Richard Bruton TD, Minister for Jobs, Enterprise and Innovation
Mr Damien English TD

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