

**HOLCIM (LIBAN) S.A.L**  
**Board of Directors Report**  
**for the General Assembly of 15 June 2016**  
**ESTABLISHED ACCORDING TO ARTICLE 158**  
**OF THE LEBANESE CODE OF COMMERCE**

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Ladies and Gentlemen,

Pursuant to Article 156 of the Commercial Code, the Board of Directors presents this report to inform you and ask for your approval for the conventions concluded between the company and its directors or with companies in which members of the Board would be owners, partners in name, managers, directors or administrators.

Regarding the said conventions, no convention was made during the 2015 financial year either directly or via a third party, and no convention with a director will be concluded during fiscal year 2016.

Concerning ordinary business operations, studies and agreements between the Company and the companies in which members of the Board are owners, partners in name, managers, directors or managers are:

**1. Holcim Béton S.A.L.**

Holcim Béton SAL purchases cement from Holcim Liban SAL at market prices. Sales to this related party amounted to LL (000) 2,303,115. The Company provides technical assistance to Holcim Béton SAL against fees computed on the fixed basis of 1.8% of sales. These fees amounted to LL (000) 239,204 during the year 2015.

Other services, consisting of staff costs and rental income amounted to LL (000) 352,273. As for the services rendered by Holcim Béton SAL and related to staff services, these amounted to LL (000) 78,972.

Balances due from and due to Holcim Béton SAL amounted to LL (000) 14,055,212 and LL (000) 872,399 respectively as at 31 December 2015.

**2. Société Libanaise des Ciments Blancs S.A.L.**

The Company provides technical assistance to Société Libanaise des Ciments Blancs SAL against fees computed on the fixed basis of 4% of sales. These fees amounted to LL (000) 770,299 during the year 2015.

Other services, consisting of staff costs and other income amounted to LL (000) 592,378 for the year ended 31 December 2015.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 5,044,843 during 2015.

The Company purchased raw materials from Société Libanaise des Ciments Blancs SAL amounting to LL (000) 361,476 during 2015.

Dividends received from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 2,999,431 during 2015.

During 2008, the Company received a loan from the subsidiary Société Libanaise des Ciments Blancs SAL amounting to US\$ 5,000,000 which was increased to US\$ 8,000,000 during 2009. This loan is subject to interest at an average annual rate of 4.5% revised

annually. No maturity date was determined for this loan. Interest charged during 2015 amounted to LL (000) 717,357. Accrued interest payable amounted to LL (000) 4,672,376 as at 31 December 2015.

The balance due from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 3,362,292 as at 31 December 2015.

### **3. Bogaz Endustri Ve Madencilik Ltd.( BEM )**

The balance due from BEM amounted to LL (000) 2,887,677 as at 31 December 2015.

The Company sold clinker to BEM amounting to LL (000) 678,375 during 2015.

### **4. Holcim Trading SA**

Being a subsidiary of LafargeHolcim Ltd, Holcim Trading SA provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 21,455,749 during 2015.

Balances due from Holcim Trading SA amounted to LL (000) 180,650 as at 31 December 2015.

### **5. Holcim France SA**

Being a subsidiary of LafargeHolcim Ltd, Holcim France SA charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 269,286 during 2015.

### **6. Holcim Technology Ltd**

Holcim Technology Ltd is a subsidiary of the ultimate parent company, LafargeHolcim Ltd. Starting 1 January 2014, Holcim Liban SAL has joined the Industrial Franchise Fee (IFF) mechanism, of the Holcim Group. The franchise fees are computed at 3.5% of consolidated net sales to third parties which amounted to LL (000) 9,956,079 during 2015.

In addition, the balance due to Holcim Technology Limited amounted to LL (000) 2,636,054 as at 31 December 2015.

### **7. Holcim Services EMEA S.L., Espagne**

Balances due from and due to Holcim Services EMEA S.L., Espagne amounted to LL (000) 51,278 and LL (000) 342,512 respectively as at 31 December 2015.

Holcim Services EMEA S.L, Espagne charges the Company for IT services and programs, which amounted to LL (000) 1,646,866 during 2015. On the other hand, the Company charged Holcim Services EMEA S.L, Espagne services amounting to LL (000) 151,583 during 2015.

### **8. LafargeHolcim Energy Solutions S.A.S**

LafargeHolcim Energy Solutions S.A.S provides combustibles to the Company. Purchases from this company amounted to LL (000) 1,758,896 during 2015.

Balances due to LafargeHolcim Energy Solutions S.A.S amounted to LL (000) 1,758,896 as at 31 December 2015.

#### **9. LafargeHolcim North America**

LafargeHolcim North America charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 165,825 during 2015.

Balances due to Lafarge Holcim North America amounted to LL (000) 165,825 as at 31 December 2015.

#### **10. Holcim Haut Rhin**

Being a subsidiary of LafargeHolcim Ltd, Holcim Haut Rhin charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 357,477 during 2015.

Balances due to Holcim Haut Rhin amounted to LL (000) 201,908 as at 31 December 2015.

#### **11. Holcim Maroc**

Being a subsidiary of LafargeHolcim Ltd, Holcim Maroc charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 176,206 during 2015.

#### **12. Holcim Group Services Ltd**

Being a subsidiary of LafargeHolcim Ltd, Holcim Group Services Ltd charges the Company training costs and salaries of foreign employees and related costs, which amounted to LL (000) 1,060,129 during 2015.

The balance due to Holcim Group Services Limited amounted to LL (000) 131,080 as at 31 December 2015.

#### **13. Remunerations of key management personnel**

Remunerations of key management personnel amounted to LL (000) 163,815 during 2015.

It is noteworthy that all these agreements and transactions processed under their disposition were submitted to our auditors and will be subject of a separate and detailed report.

The Board of Directors submits the report for the approval of the General Assembly.

30 March 2016

**For the Board of Directors**  
**Horia Adrian**  
**Chairman**