HOLCIM LIBAN SAL

FINANCIAL STATEMENTS

31 DECEMBER 2023

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Ernst & Young p.c.c.
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLCIM LIBAN SAL

Adverse Opinion

We have audited the financial statements of Holcim Liban SAL (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the accompanying financial statements do not present fairly the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

1. As disclosed in note 2.1 to the financial statements, the Company did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the accompanying financial statements for the year ended 31 December 2023 nor did the Company consider its effects on forecasts and discount rates used in accounting estimates. Had the Company applied IAS 29 and considered its effects on accounting estimates, many elements and disclosures in the accompanying financial statements, including the comparative financial information for the year ended 31 December 2022, would have been materially different. The effects on the financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2022 was modified for same reasons.

2. The Company translated assets and liabilities denominated in foreign currencies as at 31 December 2023, and transactions in foreign currencies that occurred during the year then ended, using the exchange rates disclosed in note 2.2 to the financial statements. Accordingly, the Company did not use an appropriate exchange rate for the translation of foreign currency transactions and did not re-translate all monetary assets and liabilities stated in foreign currencies at the appropriate exchange rate at the reporting date, which constitutes a departure from IAS 21. Had the Company applied the requirements of IAS 21, many of the elements of the accompanying financial statements, including disclosures would have been materially impacted. The effects on the financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2022 was modified for same reasons.

3. The Company has foreign currencies bank balances in Lebanon amounting to LL (000) 175,816,588 as at 31 December 2023 (2022: LL (000) 281,514,965). It is not possible to determine the future effects that the restructuring plan and the economic crisis could have on the expected credit losses and thus the carrying amount of these assets. The accompanying financial statements do not include adjustments that could result from the resolution of these uncertainties. Our opinion for the year ended 31 December 2022 was modified for same reasons.

4. The Company has not prepared consolidated financial statements, which constitutes a departure from IFRSs. We were unable to determine the amounts that should have been presented had consolidated financial statements been prepared. Our opinion for the year ended 31 December 2022 was modified for same reasons.

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Basis for Adverse Opinion (continued)
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of a Matter
We draw attention to note 2.2 to the financial statements which describes the operating environment in Lebanon and related uncertainties.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2023. Except for the matters described in the "Basis for Adverse Opinion" section of our report, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and those Charged with Governance for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor 's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Auditor 's Responsibilities for the Audit of the Financial Statements (continued)
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Sabine Doumit.

Ernst & Young

Ernst & Young

14 May 2024
Beirut, Lebanon

Holcim Liban SAL

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 LL (000)	2022 LL (000)
Sales	3	**5,690,117,254**	1,714,675,695
Cost of sales	4	**(3,137,998,217)**	(1,099,881,920)
GROSS PROFIT		**2,552,119,037**	614,793,775
Distribution expenses	4	**(462,493,099)**	(131,354,813)
General and administrative expenses	4	**(333,756,932)**	(68,055,706)
Write-back for expected credit loss on accounts receivable	11	**775,176**	-
Allowance for expected credit loss on due from related parties	19	-	(555,379)
Provision for slow moving and obsolete inventory	12	**(3,574,961)**	(1,137,774)
Provision for risk and charges, net	17	**(171,338,694)**	(56,652,056)
Finance costs, net	5	**(871,856,072)**	(209,520,091)
Foreign exchange, net		**(19,989,110)**	(56,051,108)
Dividend income	19	**387,854,378**	33,604,670
		(1,474,379,314)	(489,722,257)
PROFIT BEFORE INCOME TAX		**1,077,739,723**	125,071,518
Income tax expense	6	**(204,219,663)**	(28,030,909)
PROFIT FOR THE YEAR		**873,520,060**	97,040,609
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	18	**(134,361,222)**	(2,947,187)
Total other comprehensive loss for the year		**(134,361,222)**	(2,947,187)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**739,158,838**	94,093,422
Profit for the year		**873,520,060**	97,040,609
Number of ordinary shares in issue		**19,516,040**	19,516,040
Earnings per share from profit attributable to the equity holders of the Company during the year in LL		**44,759**	4,972

The attached notes 1 to 27 form part of these financial statements.

Holcim Liban SAL

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 LL (000)	2022 LL (000)
ASSETS			
Non-current assets			
Property and equipment	7	**456,046,635**	240,985,895
Intangible assets	8	**14,209,580**	15,237,436
Investment properties	9	**12,077,167**	12,077,167
Investment in subsidiaries and affiliates	10	**29,249,163**	29,249,163
Deferred tax asset	6	**34,763,855**	5,636,278
Notes receivable	11	**12,872,590**	2,319,204
Total non-current assets		559,218,990	305,505,143
Current assets			
Inventories	12	**1,656,139,621**	470,728,067
Other assets	13	**160,559,551**	92,254,580
Accounts and notes receivable	11	**228,709,845**	133,125,755
Cash and cash equivalents	14	**1,455,852,873**	355,089,601
Total current assets		3,501,261,890	1,051,198,003
TOTAL ASSETS		4,060,480,880	1,356,703,146
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**97,580,200**	97,580,200
Legal reserve	16	**32,527,000**	32,527,000
Property revaluation reserve	16	**50,613,023**	50,613,023
Re-measurement of defined benefit obligations	18	**(146,757,022)**	(12,395,800)
Retained earnings		**1,009,659,631**	136,139,571
Total equity		1,043,622,832	304,463,994
Non-current liabilities			
Provision for risk and charges	17	**258,847,134**	111,724,315
Retirement benefits obligations	18	**151,206,468**	16,303,720
Loans from related parties – non-current portion	19	**986,309,957**	365,546,279
Notes payable	20	**150,126**	600,506
Total non-current liabilities		1,396,513,685	494,174,820
Current liabilities			
Loans from related parties – current portion	19	**255,515,464**	-
Deferred income		**2,513,000**	800,280
Dividend payable	23	**212,047**	228,792
Notes payable	20	**450,380**	450,380
Accounts payable	21	**462,594,275**	352,115,762
Accrued expenses and other liabilities	22	**665,711,957**	168,122,771
Current income tax liability	6	**233,347,240**	36,346,347
Total current liabilities		1,620,344,363	558,064,332
Total liabilities		3,016,858,048	1,052,239,152
TOTAL EQUITY AND LIABILITIES		4,060,480,880	1,356,703,146

The accompanying financial statements were approved for issue by the Board of Directors on 25 April 2024 and were signed on its behalf by:

Jamil Bou Haroun
Chief Executive Officer

Mario Dib
Chief Financial Officer

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital LL (000)	*Legal reserve LL (000)*	*Property revaluation reserve LL (000)*	*Re-measurement of defined benefit obligations LL (000)*	*Retained earnings LL (000)*	*Total LL (000)*
Balance at 1 January 2022	97,580,200	32,527,000	50,613,023	(9,448,613)	39,098,962	210,370,572
Total comprehensive income for the year	-	-	-	(2,947,187)	97,040,609	94,093,422
Balance at 31 December 2022	97,580,200	32,527,000	50,613,023	(12,395,800)	136,139,571	304,463,994
Total comprehensive income for the year	-	-	-	(134,361,222)	873,520,060	739,158,838
Balance at 31 December 2023	**97,580,200**	**32,527,000**	**50,613,023**	**(146,757,022)**	**1,009,659,631**	**1,043,622,832**

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 LL (000)	2022 LL (000)
OPERATING ACTIVITIES			
Profit for the year before income tax		**1,077,739,723**	125,071,518
Adjustments for:			
Depreciation	7	**22,725,473**	14,831,895
Amortization	8	**1,027,856**	1,027,855
Dividend income	19	**(387,854,378)**	(33,604,670)
Write-back of allowance for expected credit loss on accounts receivable	11	**(775,176)**	-
Provision for slow moving and obsolete inventory	12	**3,574,961**	1,137,774
Allowance for expected credit loss on due from related parties	19	**-**	555,379
Provision for risk and charges, net	17	**171,338,694**	56,652,056
Provision for retirement benefit obligations	18	**773,536**	785,945
Interest expense on related party loans		**815,454,151**	197,665,481
Interest income		**(3,529,054)**	(295,283)
Net foreign exchange difference		**(41,540,582)**	8,264,552
		1,658,935,204	372,092,502
Working capital changes:			
Decrease (increase) in trade and notes receivables		**38,458,719**	(46,619,773)
Increase in inventories		**(1,188,986,515)**	(327,214,501)
(Increase) decrease in other assets		**(68,304,971)**	9,400,452
Net change in related parties balances		**(28,760,698)**	21,930,971
Increase in trade payables		**144,766,710**	195,660,839
Increase in accrued expenses and other liabilities		**443,018,714**	107,845,602
Increase in deferred income		**1,712,720**	146,598
Decrease in notes payable		**(450,380)**	(450,378)
Cash from operations		**1,000,389,503**	332,792,312
Provision for risks and charges paid	17	**(14,412,452)**	-
End of service benefits paid	18	**(232,010)**	(1,860,073)
Income tax paid	6	**(38,562,243)**	(6,614,870)
Interest received		**3,529,054**	295,283
Net cash from operating activities		**950,711,852**	324,612,652
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(237,786,213)**	(103,001,882)
Dividends received from subsidiaries	19	**387,854,378**	68,010,102
Net cash from (used in) investing activities		**150,068,165**	(34,991,780)
FINANCING ACTIVITIES			
Dividends paid		**(16,745)**	(1,516,246)
Net cash used in financing activities		**(16,745)**	(1,516,246)
INCREASE IN CASH AND CASH EQUIVALENTS		**1,100,763,272**	288,104,626
Cash and cash equivalents at 1 January		**355,089,601**	66,984,975
CASH AND CASH EQUIVALENT AT 31 DECEMBER	14	**1,455,852,873**	355,089,601

The attached notes 1 to 27 form part of these financial statements.

1 CORPORATE INFORMATION

Holcim Liban SAL ("the Company") is a joint stock company registered at the Beirut Commercial Court in 1929 under commercial register number 140. The Company's head office is in Dbayeh, Metn and the plant is located on plots that are situated within the municipalities of Chekka, Hery and Kefraya in the North of Lebanon.

The shares of the Company are listed on the Beirut Stock Exchange.

The principal activity of the Company consists of producing, selling and exporting cement and related products.

The Company is owned to the extent of 52% by Holcibel S.A, Belgium, the parent Company as at 31 December 2023 and 2022. The ultimate parent company is Holcim Ltd. and the address of its registered office is Grafenauweg 10-6300 Zug-Switzerland.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

The financial statements have been presented in thousands of Lebanese Lira (LL (000)) which is the functional currency. The financial statements are prepared under the historical cost convention.

The financial statements have been prepared for statutory purposes. Consolidated financial statements are prepared at the level of the parent company, Holcim Ltd, Switzerland and are available at its offices.

As of 31 December 2023, all conditions have been met for the Company's financial statements to incorporate the inflation adjustment provided under IAS 29 "Financial Reporting in Hyperinflationary Economies". IFRS requires that financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period. Paragraph 4 of IAS 29 states that it is preferable for all entities that report in the currency of a hyperinflationary economy to apply the standard at the same date. In order to achieve uniformity as to the identification of an economic environment of this kind, IAS 29 provides certain guidelines: a cumulative three-year inflation rate exceeding 100% is a strong indicator of hyperinflation, but also qualitative factors, such as analysing the behaviour of population, prices, interest rates and wages should also be considered.

The Lebanese Central Administration of Statistics reported 3-year and 12-month cumulative increase of consumer of 2,005% and 192% respectively, as of December 2023 (2022: 1,670% and 122%, respectively). Qualitative indicators, following the deteriorating economic condition and currency controls, also support the conclusion that Lebanon is a hyperinflationary economy for accounting purposes for periods ending on or after 31 December 2020.

Therefore, entities whose functional currency is the Lebanese Pound should restate their financial statements to reflect the effects of inflation in conformity with IAS 29. Such restatement shall be made as if the Lebanese economy has always been hyperinflationary; using a general price index that reflects the changes in the currency's purchasing power.

The effects of the application of IAS 29 are summarised below:

(a) Financial statements must be adjusted to consider the changes in the currency's general purchasing power, so that they are expressed in the current unit of measure at the end of the reporting period.

(b) In summary, the restatement method under IAS 29 is as follows:

   i. Monetary items are not restated in as much as they are already expressed in terms of the measuring unit current at the closing date of the reporting period. In an inflationary period, keeping monetary assets generates loss of purchasing power and keeping monetary liabilities generates an increase in purchasing power. The net monetary gain or loss shall be included as income for the period for which it is reported.

   ii. Non-monetary items carried at the current value of the end date of the reporting period shall not be restated to be presented in the balance sheet, but the restatement process must be completed in order to determine into the current purchasing power at the end of the reporting period the income derived from such non-monetary items.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

iii. Non-monetary items carried at historical cost or at the current value of a date prior to the end of the reporting period are restated using coefficients that reflect the variation recorded in the general level of prices from the date of acquisition or revaluation to the closing date of the reporting period, then comparing the restated amounts of such assets with the relevant recoverable values. Depreciation charges of property, plant and equipment and amortization charges of intangible assets recognized in profit or loss for the period, as well as any other consumption of non-monetary assets will be determined based on the new restated amounts.

iv. Income and expenses are restated from the date when they were recorded, except for those profit or loss items that reflect or include in their determination the consumption of assets carried at the purchasing power of the currency as of a date prior to the recording of the consumption, which are restated based on the date when the asset to which the item is related originated; and except also those profit or loss items originated from comparing two measurements expressed in the purchasing power of currency as of different dates, for which it is necessary to identify the compared amounts, restate them separately, and compare them again, but with the restated amounts.

v. At the beginning of the first year of application of the restatement method of financial statements in terms of the current measuring unit, the prior-year comparatives are restated in terms of the measuring unit current at the end of the current reporting period, the equity components, except for reserved earnings and undistributed retained earnings, shall also be restated, and the amount of undistributed retained earnings shall be determined by the difference between net assets restated at the date of transition and the other components of opening equity expressed as indicated above, once all remaining equity components are restated.

As of the date of the accompanying financial statements, Management is temporarily unable to apply the above-mentioned standard, nor is it able to quantify the effect that the application of IAS 29 would have on the presented financial statements due to the following considerations: the significant divergence in exchange rates, the lack of consensus on the general price index and the lack of views of relevant regulators, including tax authorities. However, management estimates such effects to be significant. This situation must be taken into account when interpreting the information reported by the Company in the accompanying financial statements including its statement of financial position, income statement, statement of comprehensive income and cash flow statement.

The Company is currently assessing the date at which it will apply IAS 29. The application of IAS 29 is very complex and requires the Company to develop new accounting software and processes, internal controls and governance framework. Accordingly, the Company has postponed the application of IAS 29 and incurring costs for developing accounting processes and a governance framework until the Company is comfortable that such application would provide the users with more relevant information.

2.2 Operating environment of the Company

Lebanon has been witnessing, since the last quarter of 2019, severe events that have set off an interconnected fiscal, monetary and economic crisis as well as deep recession that have reached unprecedent levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of default when, on 7 March 2020, the Lebanese Republic announced that it will withhold payment on the bonds due on 9 March 2020, which was followed by another announcement on 23 March 2020, for the discontinuation of payments on all of its USD denominated Eurobonds.

Throughout this sequence of events, the ability of the Lebanese government and the banking sector in Lebanon to borrow funds from international markets was significantly affected. Banks have imposed de-facto capital controls, restricted transfers of foreign currencies outside Lebanon, significantly reduced credit lines to companies and withdrawals of cash to private depositors, all of which added to the disruption the country's economic activity, as the economic model of Lebanon relies mainly on imports and consumption.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Operating environment of the Company (continued)

Lebanon's government foresees cancelling "a large part" of the central bank's foreign currency obligations to commercial banks and dissolving non-viable banks. It includes several measures that are prerequisites to unlock funds from a preliminary deal with the International Monetary Fund that could help pull the country out of a three-year financial meltdown.

Foreign currencies and exchange rates
The difficulty in accessing foreign currencies lead to the emergence of a parallel market to the peg whereby the price to access foreign currencies has been increasing constantly, deviating significantly from the peg of LL 1,507.5 to the USD which was increased to LL 15,000 to the USD starting February 2023.

Several exchange rates have emerged since the last quarter of 2019 that vary significantly among each other and from the official one, mainly the parallel exchange markets rate and the Sayrafa rate, in addition to different exchange rates adopted for commercial transactions purposes in Lebanon.

The Sayrafa corresponds to a floating system and the rates are published on the website of the Central Bank of Lebanon. The rates were as follows for the years ended 31 December 2023 and 2022:

	2023		*2022*	
	Rate as at 31 December LL	***Average rate for year ended 31 December LL***	*Rate as at 31 December LL*	*Average rate for year ended 31 December LL*
USD	**89,500**	**79,117**	38,000	26,433

The Sayrafa platform is not available for the purchase and sale of "local" foreign currency bank accounts which are subject to defacto capital control.

As per IAS 21, when several exchange rates are available, the rate to be used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

a) Assets and liabilities in foreign currency and transactions in foreign currency were reflected in these financial statements at the exchange rates communicated by the Holcim Group Management:

	Rate as at 31 December 2023 LL	***Average rate for the year ended 31 December 2023 LL***	*Rate as at 31 December 2022 LL*	*Average rate for the year ended 31 December 2022 LL*
US Dollar	**89,702**	**84,232**	42,800	29,674
Suisse Franc	**106,598**	**93,800**	46,425	31,097
Euro	**99,085**	**91,106**	45,669	31,257
Turkish Lira	**3,036**	**3,653**	2,286	1,815

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Operating environment of the Company (continued)

b) Balances and transactions in US dollars and other foreign currencies subject to de-facto capital controls, are translated at the published official exchange rate of 1 US$ / LL 15,000 starting from February 2023 (2022: 1 US$ / LL 1,507.5; the published official exchange rate was increased to 1 US$ / LL 15,000 during February 2023), unless a different rate is specified in the terms of the agreement stipulating the transaction. During February 2024, the official exchange rate was increased to LL 89,500 to the USD.

Taxes, social security contributions and related provisions

Due to the availability of several exchange rates in the Lebanese market, the determination of taxes, social security contributions and related provisions in relation to transactions or activities in foreign currencies are highly sensitive to the exchange rates applied. As a result of the unprecedented events and circumstances, there is high level of judgment involved in deciding on the exchange rates used and any change in these exchange rates, would result in a different determination of taxes, social security contributions and related provisions.

2.3 Change in accounting policies

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the previous year, except for the adoption of the new and amended IFRS effective as of 1 January 2023:

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates - Amendments to IAS 8*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*

The adoption of the above new and amended standards did not materially impact the financial position or performance of the Company.

2.4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*
- *Amendments to IAS 21 - Lack of Exchangeability*

The Management does not expect these amendments to have a significant impact on the Company's financial statements.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies

Revenue recognition
Revenue from sale of goods is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements. Revenue is recognized at the point in time when the control of the asset is transferred to the customer, generally on delivery of the goods. Interest income is recorded using the effective interest rate by reference to the net carrying amount of the financial assets.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined on the basis of the weighted average cost method. The cost of finished and work in progress includes cost of materials, direct labor and manufacturing overheads. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling, and distribution.

Accounts receivable
Accounts receivables are stated at original invoice amount less a provision for credit losses.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances with a maturity of three months or less.

Pensions and other post-employment benefits
The Company provides retirement benefits obligation to its employees under defined benefit plans which requires contributions to be made to separately administered funds. The cost of providing these benefits is determined using the projected unit credit method which involves making actuarial assumptions about discount rates and future salary increases. Those assumptions are unbiased and mutually compatible.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under "personnel expenses" in the statement of income:

- Service costs comprising and current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Taxes
Taxation is provided in accordance with Lebanese fiscal regulations.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exits to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

The Company always recognises lifetime ECL for trade and other receivables and contract assets. For all other financial instruments, such as bank balances, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses
For trade receivables and other contract assets, the Company has chosen the simplified method approach. Short credit terms and settlement processes significantly limit the credit risk. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Rate
Buildings	6%
Industrial machinery and equipment	8%
Vehicles	25%
Furniture, fixtures and office equipment	8%

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Property and equipment (continued)
Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

Any item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Extraction rights are amortized over the period of the lease, client list is amortized over 10 years and computer software are amortized over their estimated useful lives between 5 to 10 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Investment in subsidiaries and affiliates
The Company's investment in subsidiaries is accounted for under the cost method of accounting. Subsidiaries are entities that the Company controls. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specially, the Company controls an investee if and only if the Company has:

- Power over the investee (i, e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Investment properties
Investment properties are stated at cost, net of accumulated impairment, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of income in the period of derecognition.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generation unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Compnay has a present obligation (legal or constructive) as a result of a past event, and 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. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Company does not include detailed, case-specific disclosers in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Provision for environmental restoration
The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the provision. All provisions are discounted to their present value.

Foreign currencies
Transactions denominated in foreign currencies are translated into Lebanese Lira at the exchange rates as disclosed in note 2.2, prevailing at the dates of the transactions. Monetary assets and liabilities stated in foreign currencies are re-translated at the rates of exchange as disclosed in note 2.2, prevailing at the end of the year. The resulting exchange gain or loss is reflected in the statement of profit or loss and other comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Fair values
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.6 Material accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company also makes estimates and assumptions concerning the future, including climate-related matters. There is considerable uncertainty over these assumptions and how they will impact the Company's business operations and the cash flow projections.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Income tax
Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 Material accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected credit losses
An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about post events, current conditions and forecasts of future economic conditions.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors and changes which can result in different levels of allowances. For trade receivables, the assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual defaults in the future. It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in the income statement.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in the statement of income.

Provision for employees' end of service benefits
The cost of defined end of service benefits as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in note 18.

Environmental restoration
As disclosed in note 2, environmental restoration provision is determined based on the present value of estimated futures costs. Estimates and assumptions used in the determination of the provision are revised at each reporting date.

3 SALES

	2023 LL (000)	2022 LL (000)
Cement	**5,987,364,416**	1,708,519,870
Clinker	-	29,534,811
Discounts	**(297,247,162)**	(23,378,986)
	5,690,117,254	1,714,675,695

4 EXPENSES BY NATURE

	2023			
	Cost of sales *LL (000)*	*Distributions expenses* *LL (000)*	*General and administrative expenses* *LL (000)*	*Total* *LL (000)*
Combustibles	**1,815,565,227**	-	-	**1,815,565,227**
Raw materials	**820,089,950**	-	-	**820,089,950**
Salaries and related charges	**285,395,944**	**45,569,764**	**192,749,670**	**523,715,378**
Spare parts, consumables and maintenance expense	**361,841,836**	**22,480,504**	**8,795,060**	**393,117,400**
Depreciation charge (note 7)	**21,809,267**	**907,917**	**8,289**	**22,725,473**
Transportation	-	**100,004,470**	-	**100,004,470**
Packing materials	-	**279,062,849**	-	**279,062,849**
Other taxes	**60,595,934**	-	**45,463,167**	**106,059,101**
Contractual employees	**20,876,163**	**8,698,676**	**195,977**	**29,770,816**
Rent charges	**9,911,353**	-	**13,728,694**	**23,640,047**
Other third party services	**33,066,084**	**4,972,189**	**4,320,193**	**42,358,466**
Amortization charge (note 8)	**1,027,856**	-	-	**1,027,856**
Professional fees	**13,417**	-	**20,743,809**	**20,757,226**
Changes in inventories of finished goods and work in progress	**(356,200,549)**	-	-	**(356,200,549)**
Other expenses	**64,005,735**	**796,730**	**47,752,073**	**112,554,538**
	3,137,998,217	462,493,099	333,756,932	3,934,248,248

4 EXPENSES BY NATURE (continued)

	2022			
	Cost of sales LL (000)	*Distributions expenses LL (000)*	*General and administrative expenses LL (000)*	*Total LL (000)*
Combustibles	762,188,290	-	-	762,188,290
Raw materials	259,004,341	-	-	259,004,341
Salaries and related charges	67,055,028	10,441,701	43,472,900	120,969,629
Spare parts, consumables and maintenance expense	84,429,350	6,112,727	1,758,873	92,300,950
Depreciation charge (note 7)	13,856,401	966,110	9,384	14,831,895
Franchise and administrative support expenses (note 19)	-	-	90	90
Transportation	-	45,604,266	-	45,604,266
Packing materials	-	63,856,020	-	63,856,020
Other taxes	14,642,068	-	1,247,098	15,889,166
Contractual employees	4,735,040	2,136,909	105,978	6,977,927
Rent charges	4,037,872	-	1,562,699	5,600,571
Other third party services	11,096,583	2,175,726	509,755	13,782,064
Amortization charge (note 8)	1,027,855	-	-	1,027,855
Professional fees	27,675	22,400	5,843,358	5,893,433
Changes in inventories of finished goods and work in progress	(122,218,583)	-	-	(122,218,583)
Other expenses	-	38,954	13,545,571	13,584,525
	1,099,881,920	131,354,813	68,055,706	1,299,292,439

Salaries and related charges consist of the following:

	2023 LL (000)	*2022 LL (000)*
Salaries	**372,551,155**	83,702,991
Costs recharged from a related party (note 19)	**59,274,400**	15,184,935
Transportation	**9,183,300**	3,771,684
National social security contributions	**8,184,734**	3,229,088
Other benefits	**74,521,789**	15,080,931
	523,715,378	120,969,629

5 FINANCE COSTS, NET

	2023	*2022*
	LL (000)	*LL (000)*
Finance costs:		
Interest expense on a loans from related parties (note 19)	**815,454,151**	197,665,481
Other charges	**59,930,975**	12,149,893
	875,385,126	209,815,374
Finance income:		
Interest income on bank accounts	**1,597,624**	1,385
Interest income on notes receivable (note 11)	**1,931,430**	293,898
	3,529,054	295,283
	871,856,072	209,520,091

6 INCOME TAX EXPENSE

	2023	*2022*
	LL (000)	*LL (000)*
Current income tax:		
Current income tax charge	**233,347,240**	36,346,347
Deferred tax:		
Relating to origination and reversal of temporary differences	**(29,127,577)**	(8,315,438)
	204,219,663	28,030,909

The income tax expense for the year is determined as follows:

	2023	*2022*
	LL (000)	*LL (000)*
Accounting profit before tax	**1,077,739,723**	125,071,518
Income tax expense at statutory rate of 17%	**183,215,753**	21,262,158
Effect of expense not deductible for tax purpose:		
Provision for slow moving and obsolete inventory	**607,743**	193,422
Provision for risk and charges	**29,127,578**	12,813,485
Non-resident tax	**1,056,539**	340,000
Allowance for expected credit loss on due from related parties	**-**	94,414
Other non-deductible expenses	**85,762,976**	7,717,175
Tax effect of revenue not taxable for tax purposes:		
Dividend income	**(65,935,244)**	(5,712,794)
Other income	**(488,683)**	(361,513)
Total current income tax	**233,346,662**	36,346,347
Income tax expense reported in the statement of comprehensive income	**233,347,240**	36,346,347

6 INCOME TAX EXPENSE (continued)

Movement in the current income tax liability is as follows:

	2023 *LL (000)*	*2022* *LL (000)*
Balance at 1 January	**36,346,347**	6,614,870
Transfer from provision for risk and charges	**2,215,896**	-
Provision for income tax	**233,347,240**	36,346,347
Payments	**(38,562,243)**	(6,614,870)
Balance at 31 December	**233,347,240**	36,346,347

The following table shows deferred tax recorded on the statement of financial position and changes recorded in the income tax expense:

	2023			*2022*		
	Deferred tax assets LL (000)	***Deferred tax liabilities LL (000)***	***Income statement LL (000)***	*Deferred tax assets LL (000)*	*Deferred tax liabilities LL (000)*	*Income statement LL (000)*
Tax on land revaluation surplus (note 16)	**-**	**5,623,674**	**-**	-	5,623,674	-
Tax on environmental restoration provision	**40,387,529**	**-**	**29,127,577**	11,259,952	-	8,315,438
	40,387,529	**5,623,674**	**29,127,577**	11,259,952	5,623,674	8,315,438

7 PROPERTY AND EQUIPMENT

	Land *LL (000)*	*Buildings* *LL (000)*	*Installations and equipment* *LL (000)*	*Vehicles* *LL (000)*	*Furniture and fixtures* *LL (000)*	*Total* *LL (000)*
Cost:						
Balance at 1 January 2023	66,873,553	169,270,802	582,468,013	3,922,873	8,190,536	830,725,777
Additions	-	17,655,169	207,294,761	-	12,836,283	237,786,213
Disposals	-	-	-	(16,447)	-	(16,447)
Balance at 31 December 2023	66,873,553	186,925,971	789,762,774	3,906,426	21,026,819	1,068,495,543
Accumulated depreciation						
Balance at 1 January 2023	-	(156,383,508)	(421,260,001)	(3,905,837)	(8,190,536)	(589,739,882)
Charge for the year (note 4)	-	(1,879,398)	(20,846,075)	-	-	(22,725,473)
Related to disposals	-	-	-	16,447	-	16,447
Balance at 31 December 2023	-	(158,262,906)	(442,106,076)	(3,889,390)	(8,190,536)	(612,448,908)
Net book value						
31 December 2023	**66,873,553**	**28,663,065**	**347,656,698**	**17,036**	**12,836,283**	**456,046,635**

In previous years, some plots of land were revalued in accordance with decree No. 5451 dated 26 July 1994. The revaluation as determined by an independent valuator, and carried out in 1997 based on market values at 31 December 1993, resulted in an increase in the value of land by an amount of LL (000) 56,236,697. The surplus arising from this revaluation was credited to revaluation reserve (note 16).

Depreciation expense is included in cost of sales to the extent of LL (000) 21,809,267 (2022: LL (000) 13,856,401), distribution expenses to the extent of LL (000) 907,917 (2022: LL (000) 966,110) and general and administrative expenses to the extent of LL (000) 8,289 (2022: LL (000) 9,384).

7 PROPERTY AND EQUIPMENT (continued)

	Land *LL (000)*	*Buildings* *LL (000)*	*Installations and equipment* *LL (000)*	*Vehicles* *LL (000)*	*Furniture and fixtures* *LL (000)*	*Total* *LL (000)*
Cost:						
Balance at 1 January 2022	66,873,553	159,892,002	488,844,931	3,922,873	8,190,536	727,723,895
Additions	-	9,378,800	93,623,082	-	-	103,001,882
Balance at 31 December 2022	66,873,553	169,270,802	582,468,013	3,922,873	8,190,536	830,725,777
Accumulated depreciation						
Balance at 1 January 2022	-	(155,737,100)	(407,112,169)	(3,871,043)	(8,187,675)	(574,907,987)
Charge for the year (note 4)	-	(646,408)	(14,147,832)	(34,794)	(2,861)	(14,831,895)
Balance at 31 December 2022	-	(156,383,508)	(421,260,001)	(3,905,837)	(8,190,536)	(589,739,882)
Net book value						
31 December 2022	66,873,553	12,887,294	161,208,012	17,036	-	240,985,895

8 INTANGIBLE ASSETS

	Extraction rights LL (000)	*Client list LL (000)*	*Other LL (000)*	*Total LL (000)*
Cost:				
At 1 January and 31 December 2023	33,520,569	58,340,250	867,547	92,728,366
Amortization:				
At 1 January 2023	(18,527,271)	(58,340,250)	(623,409)	(77,490,930)
Charge for the year (note 4)	(1,027,856)	-	-	(1,027,856)
At 31 December 2023	(19,555,127)	(58,340,250)	(623,409)	(78,518,786)
Net carrying amount:				
At 31 December 2023	**13,965,442**	**-**	**244,138**	**14,209,580**

	Extraction rights LL (000)	*Client list LL (000)*	*Other LL (000)*	*Total LL (000)*
Cost:				
At 1 January and 31 December 2022	33,520,569	58,340,250	867,547	92,728,366
Amortization:				
At 1 January 2022	(17,499,416)	(58,340,250)	(623,409)	(76,463,075)
Charge for the year (note 4)	(1,027,855)	-	-	(1,027,855)
At 31 December 2022	(18,527,271)	(58,340,250)	(623,409)	(77,490,930)
Net carrying amount:				
At 31 December 2022	14,993,298	-	244,138	15,237,436

9 INVESTMENT PROPERTIES

	2023 LL (000)	*2022 LL (000)*
Property location		
Hery	**9,216,735**	9,216,735
Kefraya	**1,711,916**	1,711,916
Hamat	**1,148,516**	1,148,516
	12,077,167	12,077,167

Investment properties consist of 42 plots of land not used in the Company's operations segregated by location as disclosed above. Management estimates that the fair value of investment properties exceeds their carrying value at year-end.

10 INVESTMENT IN SUBSIDIARIES AND AFFILIATES

	Country of incorporation	*Percentage of legal ownership %*	*Cost of investment LL (000)*	*Provision for impairment of investment LL (000)*	*Net investment LL (000)*
Bogaz Enddtrive Madencilik Limited	Turkish republic Limited of North Cyprus	100.00	19,342,709	-	19,342,709
Societe Libanaise des Ciments Blancs SAL	Lebanon	65.99	9,867,454	-	9,867,454
Holcim Béton	Lebanon	97.82	5,604,406	(5,604,406)	-
Engergis Liban SAL	Lebanon	100.00	352,441	(313,441)	39,000
EDP Centre SARL (under liquidation)	Lebanon	91.80	151	(151)	-
			35,167,161	(5,917,998)	29,249,163

11 ACCOUNTS AND NOTES RECEIVABLE

	2023 LL (000)	*2022 LL (000)*
Trade receivables	**51,950,793**	35,652,180
Notes receivable	**156,654,205**	15,243,505
Checks under collection	**19,522,950**	10,203,571
Due from related parties (note 19)	**85,591,893**	93,619,328
	313,719,841	154,718,584
Less: Non-current portion of notes receivable	**(12,872,590)**	(2,319,204)
	300,847,251	152,399,380
Less: Allowance for expected credit losses	**(72,137,406)**	(19,273,625)
	228,709,845	133,125,755

The breakdown of allowance for expected credit losses is as follows:

	2023 LL (000)	*2022 LL (000)*
Allowance for expected credit losses – Credit impaired	**(51,950,793)**	(5,080,190)
Allowance for expected credit losses – Not credit impaired	**(9,969,576)**	(1,476,462)
Allowance for expected credit losses – Related parties (note 19)	**(10,217,037)**	(12,716,973)
	(72,137,406)	(19,273,625)

Trade receivables and checks under collection are denominated in Lebanese Lira except for balances fully provided for prior to 2019.

11 ACCOUNTS AND NOTES RECEIVABLE (continued)

The aging of trade receivables as at 31 December 2023 and 2022 is detailed as follows:

	2022	*2021*
	LL (000)	*LL (000)*
Not due	**2,415,533**	27,944,248
Up to 3 months	**857,325**	2,017,113
Over 3 months	**48,677,935**	5,690,819
	51,950,793	35,652,180

Since 2020 and due to the economic situation, no credit is granted to customers. No interest is charged on past due trade receivables.

The movement of the allowance for credit loss (non-related parties) is summarized as follows:

	2023	*2022*
	LL (000)	*LL (000)*
Balance at 1 January	**6,556,652**	27,240,004
Write-offs during the year	-	(20,683,352)
Write-back during the year	**(775,176)**	-
Difference of exchange	**56,138,893**	-
Balance at 31 December	**61,920,369**	6,556,652

The maturity of the notes receivables is as follows:

	2023	*2022*
	LL (000)	*LL (000)*
Due	**130,595,985**	11,668,109
Within 1 year	**13,185,630**	1,256,192
Between 1 year and 5 years	**12,872,590**	2,042,564
Over 5 years and up to 10 years	-	276,640
	156,654,205	15,243,505

Notes receivable are denominated in restricted US Dollar (local). The effective interest rates on the notes receivable ranges between 4% and 7.5%. interest income on notes receivable for the year 2023 amounted to LL (000) 1,931,430 (2022: LL (000) 293,898). Notes receivable are recoverable and therefore no impairment was setup against these notes receivable as at 31 December 2023 and 2022 (note 19).

12 INVENTORIES

	2023	*2022*
	LL (000)	*LL (000)*
Raw material	**145,131,537**	23,338,376
Combustibles	**802,936,045**	190,888,966
Spare parts	**159,038,604**	60,092,878
Finished goods –cement	**337,850,375**	88,759,798
Work in progress	**224,512,740**	117,402,768
	1,669,469,301	480,482,786
Less: Provision for slow moving and obsolete inventory	**(13,329,680)**	(9,754,719)
	1,656,139,621	470,728,067

The movement of the provision for slow moving and obsolete inventory during the year was as follows:

	2023	*2022*
	LL (000)	*LL (000)*
Balance at 1 January	**9,754,719**	8,616,945
Provision during the year	**3,574,961**	1,137,774
Balance at 31 December	**13,329,680**	9,754,719

Provision for slow moving and obsolete inventory is determined according to the Group policy defined as follows:
- 30% for inventory aging bracket between 365 and 729 days
- 50% for inventory aging bracket between 730 and 1,095 days
- 80% for inventory aging bracket more than 1,095 days.

13 OTHER ASSETS

	2023	*2022*
	LL (000)	*LL (000)*
Advances to suppliers	**141,392,975**	44,523,092
Advances to a related party (note 19)	**8,737,358**	44,423,071
Prepayments	**4,550,031**	822,018
Advances to employees	**372,156**	386,807
National Social Security Fund receivables	**341,432**	495,685
Other receivables	**5,165,599**	1,603,907
	160,559,551	92,254,580

National Social Security Fund receivables represent reimbursement of medical claims paid to employees by the Company to be collected from NSSF.

13 OTHER ASSETS

Other assets are segregated into the following currencies:

	2023	*2022*
	LL (000)	*LL (000)*
Lebanese Liras	**14,681,117**	4,314,769
Restricted US Dollar (local)	**5,865,642**	3,656,480
Unrestricted US Dollar (fresh)	**65,098,458**	7,874,481
Restricted Euro (local)	**-**	348,510
Unrestricted Euro (fresh)	**74,914,334**	76,060,340
	160,559,551	92,254,580

14 CASH AND CASH EQUIVALENTS

	2023	*2022*
	LL (000)	*LL (000)*
Cash on hand	**-**	6,163
Cash in transit	**47,093,649**	-
Bank's current accounts	**1,408,759,224**	355,083,438
	1,455,852,873	355,089,601

Bank's current accounts are segregated as follows by currency:

	2023	*2022*
	LL (000)	*LL (000)*
Unrestricted US Dollar (fresh) – non resident banks	**1,114,081,670**	-
Unrestricted US Dollar (fresh) – resident banks	**108,648,161**	276,581,749
Lebanese Lira	**118,860,966**	73,568,473
Restricted US Dollar (local)	**64,072,762**	3,798,963
Unrestricted Euro (fresh) – resident banks	**3,095,665**	1,134,253
	1,408,759,224	355,083,438

Restricted US Dollar (local) as at 31 December 2023, consist of balances with Lebanese banks that are subject to de-facto capital controls and restricted transfers outside Lebanon. However, these balances are available for disbursement within Lebanon.

15 SHARE CAPITAL

At 31 December 2023 and 2022, the Company's capital amounts to LL (000) 97,580,200 billion which consists of 19,516,040 shares with a nominal value of LL 5,000 each, fully paid.

16 LEGAL RESERVE

Legal reserve
In accordance with the Lebanese Code of Commerce and the Company's articles of association, 10% of the annual net income is required to be transferred to legal reserve until this reserve equals one third of the capital. This limit was attained in prior years and no further transfer is required. This reserve is not available for distribution to the shareholders.

Property revaluation reserve
Property revaluation reserve of LL (000) 50,613,023 represents the amount of the revaluation surplus net of tax of LL (000) 5,623,674 that arose on revaluation of property and equipment in 1997. The revaluation surplus is subject to capital gains tax. Accordingly, a deferred tax liability of LL (000) 5,623,674 is carried in respect of this temporary difference (note 6).

17 PROVISIONS FOR RISK AND CHARGES

	2023	*2022*
	LL (000)	*LL (000)*
Environmental restoration (a)	**230,534,642**	66,235,028
Others (b)	**28,312,492**	45,489,287
	258,847,134	111,724,315

The movement of the provision for risk and charges is as follows:

	2023		
	Environmental restoration LL (000)	***Others LL (000)***	***Total LL (000)***
Balance at 1 January	**66,235,028**	**45,489,287**	**111,724,315**
Additions	**171,338,694**	**-**	**171,338,694**
Provision paid	**(7,039,080)**	**(7,373,372)**	**(14,412,452)**
Transfer to income tax liability	**-**	**(2,215,896)**	**(2,215,896)**
Transfer to accrued expenses and other liabilities	**-**	**(7,455,463)**	**(7,455,463)**
Transfer from accounts and notes receivables (note 19)	**-**	**2,499,936**	**2,499,936**
Difference of exchange	**-**	**(2,632,000)**	**(2,632,000)**
Balance at 31 December	**230,534,642**	**28,312,492**	**258,847,134**

	2022		
	Environmental restoration LL (000)	*Others LL (000)*	*Total LL (000)*
Balance at 1 January	17,279,222	19,071,653	36,350,875
Additions	48,955,806	7,696,250	56,652,056
Transfer from accrued expenses and other liabilities	-	18,721,384	18,721,384
Balance at 31 December	66,235,028	45,489,287	111,724,315

17 PROVISIONS FOR RISK AND CHARGES (continued)

(a) Environmental restoration

The Company extracts mineral resources from its quarries as part of its ongoing production. A provision is made for the present value of costs to be incurred for the restoration of the extraction sites.

(b) Other provisions

Other provisions is set up to possible claims and charges in connection with the Company's activities and includes amounts to cover the likelihood of additional levies due to uncertainties.

18 RETIREMENT BENEFIT OBLIGATIONS

The Company is subject to the NSSF defined benefit plan which is in the nature of an end-of-service indemnity for the benefit of its employees.

The movement in the retirement benefit obligations during the year was as follows:

	2023 *LL (000)*	*2022* *LL (000)*
Balance at 1 January	**16,303,720**	14,430,661
Current service cost	**206,719**	265,165
Interest expense	**566,817**	520,780
Total amount recognized in profit or loss	**773,536**	785,945
Remeasurement:		
Experience loss	**134,361,222**	2,947,187
Total amount recognized in other comprehensive income	**134,361,222**	2,947,187
Benefit payments during the year	**(232,010)**	(1,860,073)
Balance at 31 December	**151,206,468**	16,303,720

The provisions at the respective reporting rates have been calculated based on the following actuarial assumptions:

	2023	*2022*
Discount rate	**5.60%**	5.60%
Expected rate of return on contribution	**5.00%**	5.00%
Salary growth rate	**4.00%**	4.00%
Mortality rate	**None**	None
Turnover rate	**1.00%**	1.00%
Retirement age	**Earliest of 64 or completion of 35 years of contribution**	Earliest of 64 or completion of 35 years of contribution

19 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Balances with related parties included in the statement of financial position are as follows:

	2023		*2022*	
	Due from LL (000)	***Due to LL (000)***	*Due from LL (000)*	*Due to LL (000)*
Ultimate parent company				
Holcim Ltd	**-**	**52,326,157**	-	24,967,129
Subsidiaries and affiliates:				
Societe Libanaise de Ciments Blancs SAL	**41,507,030**	**-**	68,019,518	-
Holcim Beton SAL	**8,616,377**	**-**	11,960,365	-
Bogaz Enditir Ve Madencilik Limited	**-**	**-**	-	60,048,713
Energis Liban SAL	**105,546**	**-**	105,546	-
EDP Centre SARL (under liquidation)	**1,600,660**	**-**	1,600,660	-
	51,829,613	**-**	81,686,089	60,048,713
Entities under common directorship				
Societe Pour le Commerce de L'Immobilier SAL	**11,900,607**	**-**	2,170,185	-
Entities associated with the Company:				
Holcim EMEA Digital Center S.L.	**1,377,460**	**-**	-	9,735,068
Egypt Sack SAE	**-**	**-**	-	4,392,227
Holcim Haut Rhin	**-**	**1,865,415**	-	1,228,016
Holcim Int Service Singapore	**-**	**2,741,922**	-	2,662,087
Holcim Group Services Ltd	**-**	**17,033,755**	-	5,422,823
Holcim Technology Ltd	**20,162,720**	**-**	9,620,527	-
LaFarge Service Algerie	**321,493**	**-**	142,527	-
LaFarge MEA Building Materials S.A.E	**-**	**426,085**	-	-
Other related parties	**-**	**-**	-	203,304
	21,861,673	**22,067,177**	9,763,054	23,643,525
	85,591,893	**74,393,334**	93,619,328	108,659,367
Less: Allowance for impairment:				
Holcim Beton SAL	**(8,616,377)**	**-**	(11,116,313)	-
EDP Centre SARL (under liquidation)	**(1,600,660)**	**-**	(1,600,660)	-
	(10,217,037)	**-**	(12,716,973)	-
	75,374,856	**74,393,334**	80,902,355	108,659,367

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Movement on allowance for impairment on due from related parties for the year ended 31 December 2023 was as follow:

	2023 *LL (000)*	*2022* *LL (000)*
Balance at 1 January	**12,716,973**	12,594,177
Provided during the year	-	555,379
Write-offs during the year	-	(432,583)
Transfer to provision for risk and charges (note 17)	**(2,499,936)**	-
Balance at 31 December	**(10,217,037)**	12,716,973

The General Assembly meeting of this Holcim Beton SAL dated 20 July 2018 resolved to resolved to temporarily discontinue the Company's operations and lease or sell part of its property and equipment.

Above related parties balances are current in nature, do not carry any interest and are denominated as follows by currency:

	2023		*2022*	
	Due from ***LL (000)***	***Due to*** ***LL (000)***	*Due from* *LL (000)*	*Due to* *LL (000)*
Non-resident entities (fresh foreign currencies)	**21,861,673**	**74,371,170**	9,763,054	108,659,367
Resident entities (fresh US$)	**2,352,840**	-	14,600,220	-
Resident entities (local US$)	**10,198,418**	-	3,114,458	-
Resident entities (Lebanese Lira)	**40,961,925**	-	53,424,623	-
	75,374,856	**74,371,170**	80,902,355	108,659,367

Notes receivable from related parties:

In prior years, Societe Pour le Commerce de L'Immobilier SAL, a related party, acquired plots of land from the Company against interest bearing notes receivable.

Notes receivable amounted to LL (000) 156,654,205 as at 31 December 2023 (2022: LL (000) 15,243,505) (note 11). Related interest income on these notes amounted to LL (000) 1,931,430 for the year ended 31 December 2023 (2022: LL (000) 293,898).

Loans from related parties are as follows:

	2023 *LL (000)*	*2022* *LL (000)*
Loans from ultimate parent company (a)		
Holcim Ltd	**1,121,825,421**	353,486,279
Accrued interest payable (note 22)	**208,488,930**	70,331,982
	1,330,314,351	423,818,261
Loan from a subsidiary (b)		
Societe Libanaise des Ciments Blancs SAL	**120,000,000**	12,060,000

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The loans from the ultimate parent company are detailed as follows:

	2023		2022	
	US$	*LL (000)*	*US$*	*LL (000)*
US$ 50,000,000 – 17 April 2024 – 7% + SOFR 6m	**50,000,000**	**75,375,000**	50,000,000	75,375,000
US$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m	**7,800,000**	**11,758,500**	7,800,000	11,758,500
Capitalized interest – net	**24,984,900**	**1,034,691,921**	16,540,560	266,352,779
Balance as at 31 December	**82,784,900**	**1,121,825,421**	74,340,560	353,486,279
Out of which current:				
US$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m	**7,800,000**	**11,758,500**	-	-
Related capitalized interest – net	**2,379,771**	**123,756,964**	-	-
Total current	**10,179,771**	**135,515,464**	-	-
Total non-current	**72,605,129**	**986,309,957**	74,340,560	353,486,279
Accrued interest payable - net (note 22)	**2,324,234**	**208,488,930**	1,909,567	70,331,982

US$ 50,000,000 – 17 April 2024 – 7% + SOFR 6m

During 2019, Holcim Investments S.A.S., a related party, granted the Company a loan denominated in US$ amounting to US$ 50,000,000 (recorded at LL (000) 75,375,000 in the Company's books and records) subject to interest at the rate of 6 months Libor plus 7% and matures on 17 April 2021. This agreement was renewed for an additional year during 2022 and 2023 with same terms except for the change of the interest rate to SOFR 6 month plus 7% . This loan is not expected to be settled in the foreseeable future.

US$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m

During 2020, an additional loan amounting to US$ 10,000,000 was granted, out of which US$ 7,800,000 (recorded at LL (000) 11,758,500 in the Company's books and records) was used. This loan subject to interest at the rate of 6-month SOFR plus 9% and 1 % on the unused limit and matures on 20 January 2024. On 3 August 2020, Holcim Investments S.A.S. transferred the above loans and related interest to Holcim Ltd, the ultimate parent company, with continuity according to signed assignment agreements. During 2024, the Company fully settled the loan balance.

Interest related to the ultimate parent company loans is capitalized into the principal on each interest payment date based on the ultimate parent company instructions. These interests are translated into Lebanese Liras (LL) at the rate provided by Holcim Group Management on each interest payment date and capitalized at that amount accordingly net of 10% tax withheld. Total interest payable on the above loans during the year ended 31 December 2023 amounted to US$ 8.86 million (LL (000) 731,094,158 at the rate communicated by the Holcim Group Management on each interest payment date) (2022: US$ 5.95 million (LL (000) 178,551,437 at the rate communicated by the group on each interest payment date).

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(a) Loan from a subsidiary:

The loan from a subsidiary is detailed as follows:

	2023		2022	
	US$	*LL (000)*	*US$*	*LL (000)*
US$ 8,000,000 due on 31 December 2024 – BRR minus 2%	**8,000,000**	**120,000,000**	8,000,000	12,060,000
Balance as at 31 December	**8,000,000**	**120,000,000**	8,000,000	12,060,000

The loan from the subsidiary, Société Libanaise des Ciments Blancs SAL is denominated in US$. The loan matures on 31 December 2024. Interest on the loan is equal to the BRR (Beirut reference rate) minus 2% having an average during 2023 of 2.53% (2022: the same). Total interest expense on the above loan for the year ended 31 December 2023 amounted to US$ 225,732 (LL (000) 3,127,308 at published official rate) (2022: US$ 260,471 (LL (000) 392,660 at published official rate).

During the year, the Company carried out the following major transactions with related parties:

	2023	2022
	LL (000)	*LL (000)*
Transactions with ultimate parent company, subsidiaries and affiliates		
Sales of goods	**47,559,037**	28,566,767
Income from services	**6,989,191**	3,670,580
Interest expense on loans (note 5)	**815,454,151**	197,665,481
Service fees charged to a subsidiary	**20,446,880**	6,065,542
Recharged costs to subsidiaries	**24,126,735**	5,224,241
Salaries recharged from related parties (note 4)	**59,274,400**	15,184,935
Costs recharged from related parties	**25,116,041**	6,519,198
Interest income on notes receivable	**1,931,430**	254,237
Rent expense	**9,805,457**	467,958
Transactions with entities associated with the Company:		
Purchase of goods	**1,236,732,253**	536,087,810
Service fees, franchise and administrative support (note 4)	-	90
Income from services	**13,622,398**	3,158,959

Recharges costs to subsidiaries represent salaries, rent, combustibles and other expenses recharged to the Company's subsidiaries.

	2023	2022
	LL (000)	*LL (000)*
Key management remuneration:		
Key management personnel	**84,800,967**	21,902,051
Dividend income from subsidiaries		
Bogaz Endutri ve Madencilik Limited	**387,854,378**	33,604,670

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During 2023, the Company recorded dividend income from subsidiaries in the amount of LL (000) 387,854,378 (US$ 5.7 million) (2022: LL (000) 33,604,670 (US$ 1.2 million)) in the statement of profit or loss and comprehensive income. Dividends collected during 2023 amounted to LL (000) 387,854,378 (2022: LL (000) 76,274,654). There were no dividends receivable outstanding as at 31 December 2023 (2022: the same)

Extraction rights under intangible assets in the net carrying value of LL (000) 13,965,442 as at 31 December 2023 (2022: LL (000) 14,993,298) were acquired from a related party and paid for in advance and are being amortized over the life of the lease agreements (note 8).

Advances to a related party in the amount of LL (000) 8,737,358 as at 31 December 2023 (2022: LL (000) 44,423,071) represent advance payments for the purchase of combustibles paid to Holcim Trading Ltd and recorded under "Other assets" in the statement of financial position (note 13).

Holcim Ltd, charges Master Branding Agreement fees (MBA) to its subsidiaries amounting to 1.5% of net sales. No amount was charged in 2023.

Holcim Liban SAL has joined the Master Industrial Intellectual Property Agreements (MIIPA) mechanism of Holcim Group during 2020. Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company fees that varies between 0.5% to 4.1% of consolidated net sales to third parties based on a special calculation formula related to profitability. No amount was charged in 2023.

Holcim Group Services Ltd, also charges the Company administrative support fees. There were no charges for the year ended 31 December 2023.

20 NOTES PAYABLE

During 2015, the Company reached an agreement with the National Social Security Fund ("NSSF") to schedule the settlement of a long outstanding disputed assessment of LL (000) 4,740,000 (note 24). An amount of LL (000) 237,000 was paid upfront while remaining balance of LL (000) 4,500,000 is payable over 120 monthly instalments. The last instalment is due on 25 April 2025. The effective interest rate on these notes payable is 5%.

These notes payable are denominated in Lebanese Lira and their maturity is as follows at year-end:

	2023	*2022*
	LL (000)	*LL (000)*
Within 1 year	**450,380**	450,380
Between 1 year to 5 years	**150,126**	600,506
	600,506	1,050,886

21 ACCOUNTS PAYABLE

	2023	*2022*
	LL (000)	*LL (000)*
Trade payables	**388,200,941**	243,456,395
Due to related parties (note 19)	**74,393,334**	108,659,367
	462,594,275	352,115,762

21 ACCOUNTS PAYABLE (continued)

Trade payables consist of current trade suppliers' balances, are non-interest bearing and segregated into the following currencies:

	2023 *LL (000)*	*2022* *LL (000)*
Lebanese Lira	**42,649,657**	78,978,427
US Dollar (fresh)	**212,256,923**	99,664,883
Sterling Pound (fresh)	**11,067**	523,547
Euro (fresh)	**133,305,458**	64,289,538
	388,223,105	243,456,395

22 ACCRUED EXPENSES AND OTHER LIABILITIES

	2023 *LL (000)*	*2022* *LL (000)*
Accrued interest payable (note 19)	**208,488,930**	70,331,982
Accrued rebates	**188,545,938**	12,723,624
Accrued expenses	**85,893,871**	26,745,521
Value added tax payable	**75,623,059**	50,438,291
Taxes payable	**89,870,975**	600,000
Advances from customers	**13,687,813**	5,393,790
Other liabilities	**3,601,371**	1,889,563
	665,711,957	168,122,771

23 DIVIDENDS PAYABLE

On 19 June 2019, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LL (000) 7,600,000 (390 per share). An amount of LL (000) 212,047 is outstanding as dividends payable as at 31 December 2023 (LL (000) 228,792 as at 31 December 2022).

24 COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and liabilities as at 31 December 2023 and 2022:

	2023 *LL (000)*	*2022* *LL (000)*
Bank guarantees	**5,311,543**	5,316,542

24 COMMITMENTS AND CONTINGENCIES (continued)

Tax and National Social Security Fund
Certain areas of the Lebanese tax legislation are subject to different interpretations in respect of the taxability of certain types of transactions and activities.

The Company's accounting records were examined by the National Social Security Fund ("NSSF") for the period from 1 January 1982 to 30 September 2007. The review resulted in an assessment and in additional subscription due of LL (000) 5,300,000 which are covered by bank guarantees. An objection was submitted in respect of the assessment which was rejected by the Labour Council of Beirut. The Company has since filed an appeal.

During 2015, the Company availed itself of the opportunity
(i) to settle the amount due by installments (note 20).
(j) to benefit from an exemption from delay penalties whilst maintaining its appeal against the assessment.

The exemption from delay penalties is not considered final until the entire social security debt is settled. The period up to April 2016 was cleared by the Social Security Fund.

The Company's books for the period from April 2016 up to 31 December 2023 (inclusive) remain subject to review by the National Social Security Fund. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the financial statements.

The Company's books and records from the years 2015 to 2018 are currently being reviewed by the Department of Income Tax. The Companies books and records from the years 2019 to 2023 remain subject to review. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the financial statements.

The Company's books and records from the years 2017 to 2023 remain subject to review by the Department of Value Added Tax. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the financial statements.

Other matters
The Company is defendant in some legal cases in front of the labor court, in addition to other civil and penal cases within the normal course of business. Management does not believe that the ultimate outcome of these legal cases can have a material effect on the financial statements.

Group fees
As disclosed in note 19 to the financial statements, Holcim Ltd, charges Master Branding Agreement fees (MBA) to its subsidiaries amounting to 1.5% of net sales. No amount was charged in 2023.

Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company fees that varies between 0.5% to 4.1% of consolidated net sales to third parties based on a special calculation formula related to profitability. No amount was charged in 2023.

Holcim Group Services Ltd, also charges the Company administrative support fees. There were no charges for the year ended 31 December 2023.

Management has estimated the maximum potential fees at US$ 6,680,121 (LL (000) 599,220,206) for the year ended 31 December 2023, however no provisions for these amounts were recorded in these financial statements because this obligation has yet to be confirmed by the general assembly of shareholders and these fees were waived in prior years.

25 RISK MANAGEMENT

Interest rate risk

The Company's interest rate risk arises from the possibility that changes in market interest rates will affect the value of interest-earning assets and interest-bearing liabilities and related interest amounts. The Company has no significant assets subject to interest. The Company's major interest-bearing liabilities are the loan from the parent company and from a subsidiary that are subject to variable interest rate. A 1% change in interest rate would impact the Company's profitability by LL (000) 75,459,263 (2022: LL (000) 31,938,360).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which potentially subject the Company to credit risk consist mainly of cash at banks and trade receivables. The Company limits credit risk with regard to bank deposits by only dealing with reputable banks. The Company's onshore liquid funds are placed with Lebanese banks and are subject to de-facto capital control imposed by banks. As a result of the current financial and economic crisis in Lebanon, credit rating agencies have downgraded the credit rating for Lebanon to default category with little recovery, which resulted in an increase in significant credit risk for the Company's exposure to Lebanese banks. The Company's offshore liquid funds with Lebanese banks are not subject to de-facto capital control and are placed with reputable banks.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Company manages liquidity risk by maintaining adequate resources and ensuring the availability of necessary facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturities of the Company's undiscounted financial liabilities at 31 December 2023 and 2022 are as follows:

	2023			
	Less than 1 year LL (000)	*1 to 5 years LL (000)*	*Over 5 years LL (000)*	*Total LL (000)*
FINANCIAL ASSETS				
Cash and cash equivalents	1,455,852,873	-	-	1,455,852,873
Accounts and notes receivable	228,709,845	12,872,590	-	241,582,435
Other assets	14,275,113	341,432	-	14,616,545
TOTAL	1,698,837,831	13,214,022	-	1,712,051,853
FINANCIAL LIABILITIES				
Accounts payable	462,594,275	-	-	462,594,275
Notes payable	450,380	150,126	-	600,506
Dividends payable	212,047	-	-	212,047
Loan from related parties	255,515,464	986,309,957	-	1,241,825,421
Accrued expenses and other liabilities	377,584,335	-	-	377,584,335
TOTAL	1,096,356,501	986,460,083	-	2,082,816,584
Liquidity gap	602,481,330	(973,246,061)	-	(370,764,731)

25 RISK MANAGEMENT (continued)

Liquidity risk (continued)

	2022			
	Less than 1 year LL (000)	*1 to 5 years LL (000)*	*Over 5 years LL (000)*	*Total LL (000)*
FINANCIAL ASSETS				
Cash and cash equivalents	355,089,601	-	-	355,089,601
Accounts and notes receivable	133,125,755	2,042,564	276,640	135,444,959
Other assets	46,413,785	495,685	-	46,909,470
TOTAL	534,629,141	2,538,249	276,640	537,444,030
FINANCIAL LIABILITIES				
Accounts payable	352,115,762	-	-	352,115,762
Notes payable	450,380	600,506	-	1,050,886
Dividends payable	228,792	-	-	228,792
Loan from related parties	-	365,546,279	-	365,546,279
Accrued expenses and other liabilities	123,259,836	-	-	123,259,836
TOTAL	476,054,770	366,146,785	-	842,201,555
Liquidity gap	58,574,371	(363,608,536)	276,640	(304,757,525)

Currency risk
Currency risk arises from currency fluctuation effects on the monetary assets and liabilities denominated in foreign currencies. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's monetary assets and liabilities are mostly denominated in Euro, US Dollar and Lebanese Lira. The de-facto capital control imposed by banks in Lebanon since October 2019 mainly on movement of funds in foreign currencies, caused a wide range of price variance between the official rates and the market rates. Management is taking steps to address currency risk by matching sources and applications of funds, as applicable.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Equity comprises of paid capital, retained earnings, share premium, legal reserves and defined benefits obligations and is measured at a surplus of LL (000) 1,043,622,832 as at 31 December 2023 (2022: LL (000) 304,463,994).

26 FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates. The carrying book values of financial assets and liabilities are not materially different from their fair values applicable at the reporting date.

Effects of exchange rates on fair value measurements
The fair values of assets and liabilities are first determined in their original currency, which is not always the Lebanese Lira. These are then translated to Lebanese Lira at the exchange rates as discussed in note 2.2. For the purpose of comparing the carrying amount of financial assets and liabilities, management considers values in original currencies.

27 COMPARATIVE INFORMATION

The presentation of the financial statements has been amended by management. Comparative figures relating to the previous year have been reclassified accordingly. These changes did not affect the previously reported results and have been made to improve the quality of information presented.

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The shareholders of
Holcim Liban SAL

Dear Sirs

HOLCIM LIBAN SAL
ARTICLE 158 OF THE LEBANESE CODE OF COMMERCE
YEAR ENDED 31 DECEMBER 2023

In accordance with the requirements of Article 158 of the Lebanese Code of Commerce, we list below the transactions between the Company and the persons mentioned in paragraphs 1 and 2 of Article 158 of the Lebanese Code of Commerce that require prior authorization from the Board of Directors based on our audit of the financial statements for the year ended 31 December 2023, on which we have issued our report dated 14 May 2024 and on representations received from the management.

Balances and transactions with related parties as at 31 December 2023 were as follows:

	LL (000)
Due to parent company	
Holcim Ltd	**52,326,157**
Due to related parties	
Holcim Haut Rhin	**1,865,415**
Holcim Int. Service Singapore	**2,741,922**
Holcim Group Services Ltd	**17,033,755**
LaFarge MEA Building Materials S.A.E	**426,085**
	22,067,177
Due from subsidiaries	
Societe Libanaise de Ciments Blancs SAL	**41,507,030**
Holcim Beton SAL	**8,616,377**
EDP Centre SARL	**1,600,660**
Energis Liban SAL	**105,546**
	51,829,613

	LL (000)
Due from related parties	
Holcim EMEA Digital Center S.L.	**1,377,460**
Societe Pour le Commerce de L'Immobilier SAL	**11,900,607**
Holcim Technology Ltd	**20,162,720**
LaFarge Service Algerie	**321,493**
	33,762,280

1. Holcim Ltd

	2023	
	US$	*LL (000)*
US$ 50,000,000 – 17 April 2024 – 7% + SOFR 6m	**50,000,000**	**75,375,000**
US$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m	**7,800,000**	**11,758,500**
Capitalized interest – net	**24,984,900**	**1,034,691,921**
Balance as at 31 December 2023	**82,784,900**	**1,121,825,421**
Accrued interest payable - net	**2,324,234**	**208,488,930**

Total interest expense on the above loan for the year ended 31 December 2023 amounted to LL (000) 812,326,843 at the rate communicated by the group.

Holcim Ltd, charges Master Branding Agreement fees (MBA) to its subsidiaries amounting to 1.5% of net sales. No amount was charged in 2023.

2. Société Libanaise des Ciments Blancs SAL

During the year ended 31 December 2023, the Company provided technical assistance to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 20,446,880.

During the year ended 31 December 2023, the Company charged Société Libanaise des Ciments Blancs SAL costs including staff costs and other services amounting to LL (000) 31,115,926.

The Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 47,559,037 during the year ended 31 December 2023.

During 2008, the Company received a loan from Société Libanaise des Ciments Blancs SAL amounting to US$ 5,000,000 which was increased to US$ 8,000,000 during 2009. The loan amounted to LL (000) 120,000,000 as at 31 December 2023 at published official rate. This loan is subject to interest at an average annual rate of 2.53% revised annually and matures on 31 December 2024. Total interest expense on the above loan for the year ended 31 December 2023 amounted to US$ 225,732 (LL (000) 3,127,308 at published official rate).

3. Holcim Trading Ltd

Holcim Trading Ltd, a subsidiary of the ultimate parent company Holcim Ltd, provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 1,236,732,253 during the year ended 31 December 2023.

Advances in the amount of LL (000) 8,737,358 as at 31 December 2023 represent advance payments for the purchase of combustibles paid to Holcim Trading Ltd and recorded under "Other assets" in the statement of financial position.

4. Holcim Technology Ltd

Holcim Liban SAL has joined the Master Industrial Intellectual Property Agreements (MIIPA) mechanism of Holcim Group during 2020. Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company fees that varies between 0.5% to 4.1% of consolidated net sales to third parties based on a special calculation formula related to profitability. No amount was charged in 2023.

5. Holcim EMEA Digital Center S.L.

Holcim Liban SAL charges Holcim EMEA Digital Center S.L, a subsidiary of the ultimate parent company Holcim Ltd, salaries of local employees working with the IT center. Total amount charged during the year ended 31 December 2023 amounted to LL (000) 13,622,398.

Holcim EMEA Digital Center S.L, a subsidiary of the ultimate parent company Holcim Ltd, charges Holcim Liban SAL IT services. Total amount charged during the year ended 31 December 2023 amounted to LL (000) 21,758,405.

6. Holcim Haut Rhin

Holcim Haut Rhin, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 14,394,591 during the year ended 31 December 2023.

7. Holcim Int. Service Singapore

Holcim Int. Service Singapore, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 43,374,867 during the year ended 31 December 2023.

8. Holcim Group Services Ltd

Holcim Group Services Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company training costs of employees and related costs, which amounted to LL (000) 4,862,578 during the year ended 31 December 2023.

Holcim Group Services Ltd, also charges the Company administrative support fees. There were no charges for the year ended 31 December 2023.

9. Boğaz Endüstri ve Madencilik Limited

During the year ended 31 December 2023 Boğaz Endüstri ve Madencilik Limited, a subsidiary, distributed dividends amounting to US$ 5,710,000 (equivalent to LL (000) 387,854,378).

10. Societe Pour le Commerce de L'Immobilier SAL

In prior years, Societe Pour le Commerce de L'Immobilier SAL, a related party, acquired plots of land from the Company against interest bearing notes receivable.

Notes receivable amounted to LL (000) 156,654,295 as at 31 December 2023. Related interest income on these notes amounted to LL (000) 1,931,430.

Extraction rights under intangible assets in the net carrying value of LL (000) 13,965,442 as at 31 December 2023 were acquired from the above company and paid for in advance.

Rent expense paid to the above company amounted to LL (000) 9,805,457 during the year ended 31 December 2023.

11. Remunerations of key management personnel

Remunerations of key management personnel amounted to LL (000) 84,800,967 during the year ended 31 December 2023.

The management of the Company has confirmed to us that there are no other transactions, contracts, agreements or other commitments during the year between the Company and the persons mentioned in paragraphs 1 and 2 of Article 158 of the Lebanese Code of Commerce, that are subject to prior authorization from the Board of Directors, in accordance with the provisions of this Article.

Article 158 of the Lebanese Code of Commerce states in all cases, the authorization is not considered effective until it is approved by the General Assembly of the Shareholders. We do not have any comment in that respect.

Building a better working world

Holcim Liban SAL

The board of directors will submit their report to the approval of the General Assembly for the above transactions conducted in 2023 and for the transactions intended to be conducted in 2024 listed below:

1. Holcim Ltd has proposed to renew the US$ 50 million loan, with its existing terms and conditions while amending the following terms:
   a. Maturity: 15 December 2028
   b. The Company may, by written notice to Holcim Ltd not less than six months prior to the maturity date, request that the maturity date be extended;
   c. The extension request is unconditional and irrevocable;
   d. Holcim Ltd will notify the Company in writing of its decision in relation to the extension request no later than three months prior to the maturity date;
   e. Interest will be fixed at 9% per annum, or such other amounts as agreed from time to time between the parties;
   f. Interest will be paid quarterly as of March 2025;
   g. Interest will only be paid if free cash flow is positive; and
   h. The minimum first repayment of capital will be 5 million US$ prior to December 2025.

2. Master Branding Agreement fees (MBA) in accordance with the signed agreement in 2020 with Holcim Ltd are to be reinitiated for the year 2024.

3. Master Industrial Intellectual Property Agreements fees (MIIPA) in accordance with the signed agreement in 2020 with Holcim Technology Ltd are to be reinitiated for the year 2024.

4. Administrative Support Fees with Holcim Group Services Ltd are to be reinitiated for the year 2024.

Ernst & Young

Ernst & Young

14 May 2024
Beirut, Lebanon