

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOLCIM LIBAN SAL

We have audited the accompanying separate financial statements of Holcim Liban SAL (the Company), which comprise the statement of financial position as at 31 December 2013 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

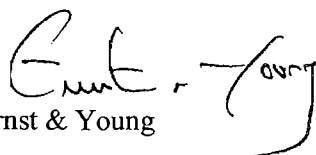
Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.


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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

31 March 2014
Beirut, Lebanon

Zouhair Chaar

ZOUHAIR I. CHAAR
Chaar - in Signature

HOLCIM LIBAN SAL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

		2013	Restated*
	Notes	LL (000)	2012 LL (000)
Sale of goods		286,473,763	281,635,436
Production cost of goods sold	4	(199,623,125)	(206,469,060)
GROSS PROFIT		86,850,638	75,166,376
Distribution and selling costs	4	(27,602,070)	(27,435,548)
Administrative expenses	12	(8,927,675)	(8,235,856)
Gain on disposal of investment properties		4,789,118	1,131,122
Gain on disposal of property, plant and equipment		1,448,830	-
Other operating expenses	5	(7,959,340)	(7,390,070)
Dividend income	27	2,197,603	2,078,813
Interest income	6	387,494	348,638
Finance costs	7	(2,026,144)	(2,250,907)
Provision for risks and charges	24	(8,846,055)	-
PROFIT BEFORE TAX		40,312,399	33,412,568
Income tax expense	8	(7,399,643)	(4,867,269)
PROFIT FOR THE YEAR		32,912,756	28,545,299
<i>Elements of other comprehensive loss that will not be reclassified in subsequent periods:</i>			
Re-measurement loss on defined benefits plans	23	(56,371)	(1,429,528)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,856,385	27,115,771
		LL	LL
Basic/diluted earnings per share	9	1,686	1,463

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made pursuant to the adoption of newly effective standards and amendments, refer to the note 2.3.

HOLCIM LIBAN SAL

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 LL (000)	2012 LL (000)
ASSETS			
Non - current assets			
Property, plant and equipment	11	190,494,905	205,126,280
Investment properties	12	13,496,018	15,461,720
Intangible assets	13	29,462,882	36,429,255
Investments in subsidiaries	14	27,793,533	27,793,533
Other financial assets	15	14,659,236	5,025,775
		<u>275,906,574</u>	<u>289,836,563</u>
Current assets			
Inventories	16	65,629,062	74,831,854
Accounts receivable and prepayments	17	43,273,619	35,584,362
Bank balances and cash	18	55,505,473	23,126,045
		<u>164,408,154</u>	<u>133,542,261</u>
TOTAL ASSETS		<u>440,314,728</u>	<u>423,378,824</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	19	195,160,400	195,160,400
Statutory reserve	20	41,360,789	38,649,212
Revaluation reserve	21	50,613,023	50,613,023
Retained earnings		32,909,397	27,205,458
Total equity		<u>320,043,609</u>	<u>311,628,093</u>
Non - current liabilities			
Loans and borrowings	22	13,276,929	14,493,853
Provision for employees' end of service benefits	23	9,328,258	8,930,313
Provisions for risks and charges	24	11,349,941	10,832,653
Deferred tax liability	8	257,873	562,487
		<u>34,213,001</u>	<u>34,819,306</u>
Current liabilities			
Provisions for risks and charges	24	8,846,055	-
Accounts payable and accruals	25	67,969,746	65,056,694
Loans and borrowings	22	1,216,929	1,216,934
Bank overdrafts	18	-	5,718,221
Income tax payable	8	8,025,388	4,939,576
		<u>86,058,118</u>	<u>76,931,425</u>
Total liabilities		<u>120,271,119</u>	<u>111,750,731</u>
TOTAL EQUITY AND LIABILITIES		<u>440,314,728</u>	<u>423,378,824</u>

The financial statements were authorized for issue by a decision of the board of the directors on 18 March 2014.

Javier de Benito
Chairman

Benedikt Vonnegut
General Manager

Bruno Pitzini
Finance and Administration Manager

HOLCIM LIBAN SAL

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	<i>Notes</i>	<i>Share capital LL (000)</i>	<i>Statutory reserve LL (000)</i>	<i>Revaluation reserve LL (000)</i>	<i>Retained earnings LL (000)</i>	<i>Total LL (000)</i>
Balance at 1 January 2012		195,160,400	34,375,633	50,613,023	44,217,073	324,366,129
Net profit for the year		-	-	-	28,545,299	28,545,299
Other comprehensive loss for the year		-	-	-	(1,429,528)	(1,429,528)
Total comprehensive income for the year		-	-	-	27,115,771	27,115,771
Transfer to statutory reserve	20	-	4,273,579	-	(4,273,579)	-
Dividends paid	10	-	-	-	(39,853,807)	(39,853,807)
Balance as at 31 December 2012		195,160,400	38,649,212	50,613,023	27,205,458	311,628,093
Net profit for the year		-	-	-	32,912,756	32,912,756
Other comprehensive loss for the year		-	-	-	(56,371)	(56,371)
Total comprehensive income for the year		-	-	-	32,856,385	32,856,385
Transfer to statutory reserve	20	-	2,711,577	-	(2,711,577)	-
Dividends paid	10	-	-	-	(24,440,869)	(24,440,869)
Balance as at 31 December 2013		195,160,400	41,360,789	50,613,023	32,909,397	320,043,609

The attached notes 1 to 30 form part of these separate financial statements.

HOLCIM LIBAN SAL

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

		2013	Restated 2012
	Notes	LL (000)	LL (000)
OPERATING ACTIVITIES			
Profit before tax		40,312,399	33,412,568
Adjustments for:			
Depreciation and amortization	4	34,805,738	38,177,978
Gain on disposal of investment properties		(4,789,118)	(1,131,122)
Gain on disposal of property, plant and equipment		(1,448,830)	-
Gain on disposal of intangible assets		(252)	-
Interest income	6	(387,494)	(348,638)
Dividend income	27	(2,197,603)	(2,078,813)
Finance costs	7	2,026,144	2,250,907
Net movement in provision for employees' end of service benefits	4	341,574	591,561
Constitution (write back) of provision for doubtful debts	17	207,736	(219,564)
Provision for risks and charges	24	9,363,343	22,970
Provision for slow moving and obsolete inventory, net	16	937,543	1,154,064
		79,171,180	71,831,911
Working capital changes:			
Inventories		8,265,249	7,713,820
Accounts receivable and prepayments and other financial assets		(10,660,777)	1,062,393
Accounts payable and accruals		2,279,655	(18,318,102)
Cash from operations		79,055,307	62,290,022
Interest paid		(1,392,747)	(1,732,758)
Taxes paid		(4,618,445)	(8,151,192)
Provisions paid	24	-	(313,320)
Net cash from operating activities		73,044,115	52,092,752
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(13,507,201)	(30,264,511)
Acquisition of intangible assets	13	(576,615)	(2,118,082)
Proceeds from sale of intangible assets		565,154	-
Proceeds from sale of property, plant and equipment		90,953	-
Proceeds from sale of investment properties		1,553,944	2,064,117
Dividends and interest received		2,585,097	2,427,451
Net cash used in investing activities		(9,288,668)	(27,891,025)
FINANCING ACTIVITIES			
Repayment of loans		(1,216,929)	(3,352,552)
Dividends paid	10	(24,440,869)	(39,853,807)
Net cash used in financing activities		(25,657,798)	(43,206,359)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		38,097,649	(19,004,632)
Cash and cash equivalents at 1 January		17,407,824	36,412,456
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	55,505,473	17,407,824

Non-cash transactions in the investing activities include a decrease in balances of proceeds from sale of property, plant and equipment and proceeds from sale of investment properties in the amount of LL (000) 6,869,678, against an increase in accounts receivable and prepayments and other financial assets in the operating activities in the same amount during the year ended 31 December 2013 (2012 : nil).

HOLCIM LIBAN SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2013

1 *Corporate information*

Holcim Liban SAL is a joint stock company registered and incorporated in Lebanon in 1929. The Company is engaged in the production and sale of cement and other related products. The Company's registered head office is at Antelias, Lebanon. The factory is located on plots subject to 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 Company is a subsidiary of Holcibel S.A., Belgium. The ultimate parent company being Holcim Ltd., Switzerland holding 52.12% ownership.

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for the revaluation of some property, plant and equipment, and investment properties.

The financial statements are presented in Lebanese Liras and all values are rounded to the nearest thousand (LL 000) except when otherwise indicated.

The separate 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.

2.2 *Summary of significant accounting policies*

Foreign currency translation

The financial statements are presented in Lebanese Liras, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of income with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding discounts, rebates, and other sales taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized: