

HOLCIM (LIBAN) S.A.L
Board of Directors Report
for the General Assembly of 19 June 2019
ESTABLISHED ACCORDING TO ARTICLE 158
OF THE LEBANESE CODE OF COMMERCE

Ladies and Gentlemen,

Pursuant to Article 158 of the Commercial Code , the Board of Directors presents this report to inform you and ask for your approval for the conventions concluded between the company and its directors or with companies in which members of the Board would be owners, partners in name, managers, directors or administrators .

Regarding the said conventions, no convention was made during the 2018 financial year either directly or via a third party, and no convention with a director will be concluded during fiscal year 2019.

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

1. Holcim Béton S.A.L.

Holcim Béton SAL purchases cement from Holcim Liban SAL at market prices. Sales to this related party amounted to LL (000) 856,383. The Company provides technical assistance to Holcim Béton SAL against fees computed on the fixed basis of 1.8% of sales. These fees amounted to LL (000) 36,234 during the year 2018.

Other services, consisting of staff costs and rental income amounted to LL (000) 257,013. As for the services rendered by Holcim Béton SAL and related to staff services, these amounted to LL (000) 92,167.

Balances due from Holcim Béton SAL amounted to LL (000) 14,074,520 as at 31 December 2018.

The General Assembly meeting dated July 20, 2018 resolved to discontinue the Company's operations and lease or sale part of its property and equipment.

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

The Company provides technical assistance to Société Libanaise des Ciments Blancs SAL against fees computed on the fixed basis of 4% of sales. These fees amounted to LL (000) 790,307 during the year 2018.

Other services, consisting of staff costs and other income amounted to LL (000) 1,019,141 for the year ending 31 December 2018.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 3,537,287 during 2018.

Dividends received from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 3,955,685 during 2018.

During 2008, the Company received a loan from the subsidiary Société Libanaise des Ciments Blancs SAL amounting to US\$ 5,000,000 which was increased to US\$ 8,000,000

during 2009. Interest charged during 2018 amounted to LL (000) 994,609. Accrued interest payable amounted to LL (000) 6,347,773 as at 31 December 2018.

The balance due to and from Société Libanaise des Ciments Blancs SAL respectively amounted to LL (000) 6,347,775 and LL (000) 249,869 as at 31 December 2018.

3. Bogaz Endustri Ve Madencilik Ltd.(BEM)

The balance due from BEM amounted to LL (000) 653,652 as at 31 December 2018.

4. LafargeHolcim Trading Ltd

Being a subsidiary of LafargeHolcim Ltd, Holcim Trading SA provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 5,282,248 during 2018.

Balances due to Holcim Trading SA amounted to LL (000) 336,640 as at 31 December 2018.

5. Holcim Technology Ltd

Holcim Technology Ltd is a subsidiary of the parent company, LafargeHolcim Ltd. Starting 1 January 2014, Holcim Liban SAL has joined the Industrial Franchise Fee (IFF) mechanism, of the Holcim Group. The franchise fees are computed at 3.5% of consolidated net sales to third parties which amounted to LL (000) 9,401,798 during 2018.

In addition, the balance due to Holcim Technology Limited amounted to LL (000) 1,942,786 as at 31 December 2018.

6. Holcim Services EMEA S.L., Espagne

Balances due from and due to Holcim Services EMEA S.L., Espagne amounted to LL (000) 129,040 and LL (000) 272,924 respectively as at 31 December 2018.

The Company charged Holcim Services EMEA S.L, Espagne services amounting to LL (000) 143,884 during 2018.

7. LafargeHolcim Energy Solutions S.A.S

LafargeHolcim Energy Solutions S.A.S provides combustibles to the Company. Purchases from this company amounted to LL (000) 33,949,596 during 2018.

Balances due to LafargeHolcim Energy Solutions S.A.S. amounted to LL (000) 3,329,056 as at 31 December 2018.

8. Carriere Jieh S.A.L

Balances due from Carriere Jieh S.A.L amounted to LL (000) 425,388 as at 31 December 2018.

9. Holcim Group Services Ltd

Being a subsidiary of LafargeHolcim Ltd, Holcim Group Services Ltd charges the Company training costs and salaries of foreign employees and related costs, which amounted to LL (000) 516,660 during 2018.

In 2017 the Administrative Support Fee Agreement (0.6% of consolidated net sales) was approved and amounted to LL (000) 1,764,397 in 2018 .

The balance due to Holcim Group Services Limited amounted to LL (000) 559,413 as at 31 December 2018.

10. Remunerations of key management personnel

Remunerations of key management personnel amounted to LL (000) 2, 450,766 during 2018.

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

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

17 April 2019

**For the Board of Directors
Grant Earnshaw
Chairman**