

**SOCIETE LIBANAISE DES  
CIMENTS BLANCS S.A.L.**

**AUDITOR'S REPORT ON DEALINGS BETWEEN  
THE COMPANY AND THE MEMBERS OF ITS  
BOARD OF DIRECTORS  
IN ACCORDANCE WITH ARTICLE 158  
OF THE LEBANESE CODE OF COMMERCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**



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**INDEPENDENT AUDITOR'S REPORT**  
**ON DEALINGS BETWEEN THE COMPANY**  
**AND THE MEMBERS OF ITS BOARD OF DIRECTORS**

To the Shareholders  
Société Libanaise des Ciments  
Blancs S.A.L.  
Chekka, Lebanon

Dear Sirs,

This report is submitted to you in accordance with the requirements of Article 158 of the Lebanese Code of Commerce. This Article stipulates that transactions and operations, either directly or indirectly, between a company and the members of its board of directors, except for normal company-customer dealings, should be authorized in advance by the Shareholders General Assembly, and that the authorization for long-term dealings should be renewed annually. Moreover, both the board of directors and the auditors should submit a special report in connection with such dealings to the General Assembly.

We present here below information on the transactions and operations between Société Libanaise des Ciments Blancs S.A.L. (the Company) and the members of its board of directors and their related affiliated companies based on information and representations provided by management of the Company and based on tests which we performed in the course of our audit of the Company's financial statements for the year ended December 31, 2018 on which we have issued our report dated April 24, 2019.

**RELATED PARTY BALANCES AND TRANSACTIONS**

The following balances with related parties are outstanding as of December 31, 2018 and 2017:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Due From</u>	<u>Due To</u>	<u>Due From</u>	<u>Due To</u>
	<u>LBP'000</u>	<u>LBP'000</u>	<u>LBP'000</u>	<u>LBP'000</u>
<b><u>Current:</u></b>				
Holcim Liban S.A.L. - Parent Company	6,347,773	249,869	5,935,401	2,712,235
Holcim Beton S.A.L. - Fellow subsidiary	346,004	-	346,002	-
Societe Carriere de Jieh S.A.R.L. - Other related party	-	13,007	-	13,007
	<u>6,693,777</u>	<u>262,876</u>	<u>6,281,403</u>	<u>2,725,242</u>

Above related parties balances are current in nature and do not carry any interest.

During the year, the Company carried out the following transactions with the parent company:

	<u>2018</u> LBP'000	<u>2017</u> LBP'000
Dividend distribution	3,955,685	4,119,020
Sales of goods	-	348,589
Sales of clinker	-	1,130,954
Purchase of goods	3,537,287	3,485,098
Purchase of services	425,817	611,092
Interest income on loan	994,609	697,072
Technical assistance	790,307	751,857
Recharged costs from a related party	593,324	479,646

In addition, the Company purchased during the year goods from Lafarge Holcim Trading Ltd in the amount of LBP586million (LBP1.5billion during 2017).

	<u>December 31,</u>	
	<u>2018</u> LBP'000	<u>2017</u> LBP'000
<i>Loan to the Parent Company:</i>		
Holcim Liban S.A.L.	12,060,000	12,060,000
Accrued interest receivable	6,347,773	5,935,401
	<u>18,407,773</u>	<u>17,995,401</u>

The Company has no intention to demand repayment of the principal amount of LBP12billion for at least 12 months from the financial position date and, accordingly, it was classified as non-current. The loan was subject to an effective interest rate of 5% starting April 1, 2018 (3.6% in 2017). Accrued interest receivable was classified as current.

Interest income for the year amounted to LBP995million (LBP697million during 2017).

#### DIVIDENDS DISTRIBUTION

On July 10, 2018, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LBP6.7billion (LBP470 per share).

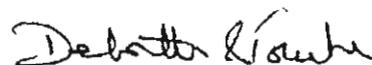
On June 22, 2017, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LBP6.6billion (LBP730 per share).

Management indicated that all related party transactions were conducted on an arm's length basis and in accordance with regular practices.

The information mentioned above is presented to you for the purpose of taking the necessary resolution with respect thereto. The Company's shareholders' General Assembly had ratified the long-term dealings mentioned above, however, in accordance with the requirements of Article 158 of the Lebanese Code of Commerce, this ratification has to be renewed annually. Moreover, new dealings, if any, should be authorized in advance by the General Assembly.

Management has represented that besides the aforementioned dealings there are no other direct or indirect dealings between the Company and any member of its board of directors, key management and major shareholders.

Beirut, Lebanon  
April 24, 2019

  
Deloitte & Touche