HOLCIM (LIBAN) S.A.L.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Holcim (Liban) S.A.L.
Beirut, Lebanon

Qualified Opinion

We have audited the accompanying financial statements of Holcim (Liban) S.A.L. (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

(a) As disclosed in Note 30 to the accompanying financial statements, the majority of the Company's liabilities are denominated in foreign currencies and its cash and receivables are mainly denominated in Lebanese Pound (LBP) and U.S. Dollars (USD), respectively, with receivables, in their majority, collected in LBP equivalent at the official exchange rate which is at significant variance from the actual rate in the market at which the Company, similarly to market participants, can convert LBP proceeds back into foreign currencies to fund the settlement of foreign currency liabilities.

    The Company is unable to determine the effective loss derived from the conversion of LBP cash proceeds into foreign currencies at the market rate designated to settle its foreign currency liabilities and as such did not provide for this loss as at and for the year ended December 31, 2019.

    Accordingly, we were unable to determine the effect of the above on the Company's financial position and results as at and for the year ended December 31, 2019.

(b) The Company was unable to perform an assessment of expected credit losses of its bank balances as at December 31, 2019, in accordance with the impairment requirements of IFRS 9 Financial Instruments taking into account the severe drop in credit rating by the rating agencies. Accordingly, we are unable to ascertain or determine the appropriateness and sufficiency of the allowance for expected losses and hence the net realizable value of the related bank balances in the amount of LBP21.8billion as at December 31, 2019.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with *the Code of Ethics of the Lebanese Association of Certified Public Accountants* that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

- As indicated in Note 3 to the financial statements, the Company opted not to present consolidated financial statements with its subsidiaries and affiliates as at December 31, 2019 even though not all exemptions for non-consolidating as required by IFRS 10 "Consolidated Financial Statements" are met. Our opinion on the accompanying financial statements is not qualified in this respect.

- As disclosed in Notes 4 and 31 to the accompanying financial statements, Lebanon is facing adverse conditions and high levels of uncertainty since October 2019 and up to the date of the financial statements, as a result of deterioration of the economic environment following the social unrest which lead to disruption of normal operations of most business sectors and closure of the banking sector for a period of time during the last quarter of 2019, resulting in a de-facto capital control, leading to incremental credit risks and restricted access to foreign currency among other adverse factors.

  In addition and in mid-March 2020, the Novel Coronavirus (Covid-19) pandemic was confirmed. The management of the Company cannot reasonably quantify the impact of the pandemic on the Company's activities.

  Management has taken measures to minimize the impact of the material uncertainties of the above events that may cast significant doubt upon the Company's ability to continue as going concern and therefore, the financial statements continue to be prepared on the going concern basis. Our opinion is not modified in respect of this matter.

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 of the current period. Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors along with those charged with governance are 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, the Board of Directors 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.

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 skepticism 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 auditor's 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.

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, related safeguards.

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 auditor's 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 Nada Maalouf.

Beirut, Lebanon
June 19, 2020

Deloitte & Touche

HOLCIM (LIBAN) S.A.L.
STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	December 31, 2019 LBP'000	December 31, 2018 LBP'000
Current Assets			
Cash and cash equivalents	5	28,336,620	5,732,940
Accounts and notes receivable	6	50,187,091	55,070,185
Inventories	7	48,850,720	78,506,157
Dividends receivable	15	176,275	890,654
Other assets	8	17,348,087	16,040,263
Total current assets		144,898,793	156,240,199
Non-Current Assets			
Notes receivable	6	8,953,169	12,120,981
Property, plant and equipment	9	160,902,386	168,165,027
Intangible assets	10	18,335,175	19,167,994
Investment properties	11	12,077,167	12,077,167
Investment in subsidiaries and affiliates	12	29,249,163	29,249,163
Total non-current assets		229,517,060	240,780,332
Total Assets		374,415,853	397,020,531
LIABILITIES			
Current Liabilities			
Bank overdrafts	13	6,507,728	70,729,018
Accounts payable	14	26,503,336	46,515,776
Notes payable	16	450,380	450,380
Accrued expenses and other liabilities	17	14,354,561	14,450,702
Dividends payable	23	1,745,038	1,855,601
Deferred income		1,794,364	587,661
Current income tax liability	18	-	9,184,351
Total current liabilities		51,355,407	143,773,489
Non-Current Liabilities			
Loans from related parties	15	91,127,718	12,060,000
Notes payable	16	1,951,643	2,402,023
Deferred tax liability	18	4,798,506	4,798,506
Provision for risk and charges	19	5,062,694	4,853,944
Retirement benefit obligations	20	5,041,129	6,104,858
Total non-current liabilities		107,981,690	30,219,331
Total Liabilities		159,337,097	173,992,820
EQUITY			
Capital	21	97,580,200	97,580,200
Legal reserve	22	32,527,000	32,527,000
Revaluation surplus	22	50,613,023	50,613,023
Re-measurement of defined benefit obligations	20	605,909	(343,898)
Retained earnings	23	33,752,624	42,651,386
Total Equity		215,078,756	223,027,711
Total Liabilities and Equity		374,415,853	397,020,531

The accompanying financial statements were approved for issue by the Board of Directors on June 19, 2020 and were signed on its behalf by:

Mr. Jamil Bou Haroun
Chief Executive Officer

Mr. Markus Herbst
Chief Financial Officer

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HOLCIM (LIBAN) S.A.L.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year Ended December 31, 2019 LBP'000	Year Ended December 31, 2018 LBP'000
Net sales	24	150,710,854	223,991,014
Cost of sales	25	(113,783,654)	(125,365,774)
Gross profit		36,927,200	98,625,240
Distribution expenses	25	(12,813,447)	(16,914,292)
General and administrative expenses	25	(17,259,641)	(23,189,554)
Allowance for credit loss on accounts receivable	6	(1,492,425)	(238,190)
Allowance for credit loss on due from related parties	15	(133,292)	(3,095,904)
Write-back of provision/(provision) for obsolete inventory	7	863,971	(18,810)
(Provision)/write-back of provision for risk and charges, net	19	(263,813)	341,550
Finance cost, net	26	(10,136,526)	(5,285,241)
Net foreign exchange loss		(1,201,385)	(201,161)
Dividend income	15	4,214,533	3,955,685
Other income		7,320	49,599
		(38,214,705)	(44,596,318)
(Loss)/profit before income tax		(1,287,505)	54,028,922
Income tax expense	18	-	(12,759,887)
(Loss)/profit for the year		(1,287,505)	41,269,035
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligations	20	949,807	260,420
Total other comprehensive income for the year		949,807	260,420
Total comprehensive (loss)/income for the year		(337,698)	41,529,455
(Loss)/profit for the year (LBP'000)		(1,287,505)	41,269,035
Number of ordinary shares in issue		19,516,040	19,516,040
(Loss)/earning per share from (loss)/profit attributable to the equity holders of the Company during the year (LBP)		(66)	2,115

The accompanying financial statements were approved for issue by the Board of Directors on June 19, 2020 and were signed on its behalf by:

Mr. Jamil Bou Haroun
Chief Executive Officer

Mr. Markus Herbst
Chief Financial Officer

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HOLCIM (LIBAN) S.A.L.
STATEMENT OF CHANGES IN EQUITY

	Capital LBP'000	Legal Reserve LBP'000	Revaluation Surplus LBP'000	Remeasurement of defined Benefit Obligations LBP'000	Retained Earnings LBP'000	Total LBP'000
Balance at January 1, 2018	97,580,200	52,300,812	50,613,023	(604,318)	65,527,511	265,417,228
Total comprehensive income for the year	-	-	-	260,420	41,269,035	41,529,455
Transfer from legal reserve (Note 22)	-	(19,773,812)	-	-	19,773,812	-
Dividends distribution (Note 23)	-	-	-	-	(83,918,972)	(83,918,972)
Balance at December 31, 2018	97,580,200	32,527,000	50,613,023	(343,898)	42,651,386	223,027,711
Total comprehensive loss for the year	-	-	-	949,807	(1,287,505)	(337,698)
Dividends distribution (Note 23)	-	-	-	-	(7,611,257)	(7,611,257)
Decrease in legal reserve	-	-	-	-	-	-
Balance at December 31, 2019	97,580,200	32,527,000	50,613,023	605,909	33,752,624	215,078,756

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HOLCIM (LIBAN) S.A.L.
STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31, 2019 LBP'000	2018 LBP'000
Cash flows from operating activities:			
(Loss)/profit for the year		(1,287,505)	41,269,035
Adjustments for:			
Depreciation	9	16,187,496	17,600,707
Amortization	10	1,061,869	1,047,697
Provision for income tax expense	18	-	12,759,887
Dividend income		(4,214,533)	(3,955,685)
Allowance for credit loss on accounts receivable	6	1,492,425	238,190
(Write-back of provision)/provision for obsolete inventory	7	(863,971)	18,810
Allowance for credit loss on due from related parties	15	133,292	3,095,904
Provision/(write-back of provision) for risk and charges, net	19	263,813	(341,550)
Loss on sale of property, plant and equipment		12,648	-
Provision for retirement benefit obligations	20	390,979	390,860
Operating cash flows before changes in working capital		13,176,513	72,123,855
Decrease/(increase) in trade and notes receivables		8,085,752	(1,275,995)
Decrease/(increase) in inventories		30,464,345	(32,463,968)
(Increase)/decrease in other assets		(1,307,824)	328,462
Net change in related parties balances		2,297,168	1,861,546
(Decrease)/increase in trade payables		(21,301,221)	15,480,892
Decrease in accrued expenses and other liabilities		(96,141)	(10,651,013)
Increase/(decrease) in deferred income		1,206,703	(1,522,566)
Decrease in notes payable		(450,380)	(450,380)
Benefit payments related to restructuring and other provisions	19	-	(4,543,386)
Income tax paid	18	(9,184,351)	(12,457,023)
Benefit payments related to retirement benefit obligations	20	(504,901)	(219,264)
Net cash generated from operating activities		22,385,663	26,211,160
Cash flows from investing activities:			
Acquisition of property, plant and equipment	9	(8,937,503)	(7,156,611)
Acquisition of intangible assets		(229,050)	(68,024
Dividend received from subsidiaries		2,259,962	7,252,818
Net cash (used in)/generated from investing activities		(6,906,591)	28,183
Cash flows from financing activities:			
(Decrease)/increase in bank overdrafts		(64,221,290)	44,152,542
Increase in loans from related parties		79,067,718	-
Dividends paid to shareholders		(7,721,820)	(84,031,914)
Net cash generated from/(used in) financing activities		7,124,608	(39,879,372)
Net increase/(decrease) in cash and cash equivalents		22,603,680	(13,640,029)
Cash and cash equivalents - Beginning of year		5,732,940	19,372,969
Cash and cash equivalents - End of year		28,336,620	5,732,940

1. GENERAL INFORMATION

Holcim (Liban) S.A.L. ("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 Portland cement and related products.

The parent company is Holcibel S.A., Belgium. The ultimate parent company is LafargeHolcim Ltd. and the address of its registered office is Zürcherstrasse 156, Jona, Switzerland.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 New and revised IFRSs that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2019, have been adopted in these financial statements. The application of these revised IFRSs has had no material impact on the amounts reported for the current and prior years, but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.
- Amendments to IFRS 9 *Financial Instruments*: Related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement: The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.

- IFRIC 23 Uncertainty over Income Tax Treatments: The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:
    - Whether tax treatments should be considered collectively;
    - Assumptions for taxation authorities' examinations;
    - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
    - The effect of changes in facts and circumstances
- IFRS 16 *Leases:* In the current year, the Company, for the first time, has adopted IFRS 16 *Leases* (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The application of IFRS 16 did not have a material impact on the financial statements of the Company.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>**New and revised IFRSs**</u>	**Effective for Annual Periods <u>Beginning on or After</u>**
Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	January 1, 2020
Definition of a Business – Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	January 1, 2020

New and revised IFRSs	Effective for Annual Periods Beginning on or After
Amendments to References to the Conceptual Framework in IFRS Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
IFRS 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts*.	January 1, 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011): Relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

B. Basis of Preparation:

The financial statements have been prepared on the historical cost basis.

These financial statements represent the separate financial statements of the Company as required by law.

The Company has opted not to present consolidated financial statements as at December 31, 2019 as required by IFRS, on the basis that the accounts are consolidated at the level of the ultimate parent company Lafarge Holcim Ltd., Switzerland.

The principal accounting policies are set out below.

C. Inventories:

Inventories of materials of products, and consumables are stated at the lower of cost or net realizable value. Cost has been determined following the weighted average cost method. The cost of finished and semi-finished products includes cost of materials, direct labor and manufacturing overheads. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

D. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Costs incurred subsequent to initial acquisition are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, other than work-in-progress, over their estimated useful lives, using the straight-line method, as follows:

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

E. Investment Properties:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties. Investment properties comprise plots of land which are not subject to depreciation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

F. Retirement Benefit Obligations:

The Company is subscribed to the compulsory defined benefit plan in accordance with the national social security fund regulations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the financial position date less contributions to the fund, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms of maturity approximating the terms of the related liability.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

G. Intangible Assets:

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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.

H. Taxation:

Provision for income tax is computed based on the taxable profits for the year, as adjusted for items of income and expenses that never taxable or deductible.

Income tax law allows companies taxable on real profits to carry forward taxable losses for the year, for three consecutive years to reduce taxable profits in those years, if any.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

I. Investment in Subsidiaries and Affiliates:

Investment in subsidiaries and affiliates is carried in the financial statements at cost, net of impairment losses when necessary. The Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in the statement of profit or loss and other comprehensive income.

Gain or loss arising from transactions between entities under common control is accounted for under equity.

J. Provisions:

Provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

K. Revenue Recognition:

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. Revenue is reflected in the statement of profit or loss net of estimated customers returns, rebates and other similar allowances.

The Company recognizes revenue when it transfers control of a product or service to a customer. Control is transferred when the product is delivered to the customer at a point in time depending on the terms of the contract.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends income is recognized when the Company's right to receive the payment is established.

L. Borrowing Cost:

Borrowing cost on bank overdrafts and loan are recognized in the statement of profit or loss in the period in which they are incurred.

M. Impairment of Tangible and Intangible Assets:

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is land or buildings carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

N. Foreign Currencies:

The financial statements are presented in Lebanese Pound which is the reporting currency of the Company, whereas the primary currency of the economic environment in which the Company operates (functional currency) is the U.S. Dollar ("USD").

Transactions in currencies other than the entity's reporting currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

O. Financial Instruments – Recognition and Measurement:

Financial assets and Financial Liabilities

Recognition and Derecognition

Financial assets and financial liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Measurement

Financial assets and financial liabilities are initially measured at fair value. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. All financial liabilities are measured subsequently at amortized cost using the effective interest method.

Classification of financial assets

Accounts receivable are measured at amortized cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always applies the simplified approach and recognizes lifetime ECL for accounts receivable. The expected credit losses on these financial assets are estimated using a loss rate approach based on the Company's historical credit loss experience adjusted for current conditions and forecasts for future conditions.

For all other financial instruments, the Company recognizes 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.

Definition of default

The Company considers that default has occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full, or a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when there is an objective evidence that one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Measurement and recognition of expected credit losses

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 recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair Value Measurement of Financial Instruments

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

P. Leasing:

Leases upon adoption of IFRS 16 – applicable from January 1, 2019

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Company did not make any such adjustments during the periods presented.

Leases under IAS 17 – applicable before January 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Q. Cash and Cash Equivalents:

Cash and cash equivalents comprise unrestricted cash on hand and demand deposits and other short term deposits with original maturity period not exceeding three months.

R. Provision for Environmental Restoration:

The Company provides for the aggregate estimated provision for environmental restoration expected to be incurred until its closure, over the period of the capacity life of the quarry. These costs are determined on the basis of studies made using judgments and estimates for these costs which are revised annually at the reporting date.

4. CRITICAL ACCOUNTING JUDGMENTS AND USE OF ESTIMATES

In the application of the accounting policies described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Impairment of accounts receivable

Calculation of expected credit losses is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of historical default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision for obsolete inventories

Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Other key assumptions for pension obligations are based in part on current market conditions and on the Company's historical trend. Additional information is disclosed in Note 20.

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is disclosed in Note 20.

Environmental restoration

As disclosed in Note 3, environmental restoration provision is determined based on studies made using judgments and estimates which are revised at each reporting date.

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. Management is aware of all risks associated with the situation prevailing in the country and developed a stress test scenario of the possible impact on its operating environment, including demand and supply chain, and eventually on cash flows and liquidity position.

In that respect Management has developed a conservative scenario budget for 2020 taking into consideration the major economic challenges. The budget addresses the following:

- safeguarding the Company's varied customer base to ensure adequate sales volumes subject to risk mitigation process;
- improving margins by cost optimization and operational efficiency;
- adopting a cost control strategy limiting unnecessary capital and operating expenditures;
- putting on hold all hiring and improving management of head count;
- optimization of liquidity management.

Given the restrictions imposed on foreign currency transfers outside the country and the significant variance between the U.S. Dollar official exchange rate and the market exchange rate, management is taking steps to address currency risk by matching sources and applications of funds, as applicable. Furthermore, management is considering options available to secure foreign currency inflows to settle any obligations in foreign currency to non-resident suppliers and certain resident suppliers. Moreover, management is monitoring closely the Central Bank initiatives for funding certain manufacturing sectors with foreign currencies to benefit from such initiatives, if any.

With respect to the quarry permit, management's plan is ready to be submitted to the Ministry of Environment as required once applications can be submitted. Management expects the extension of specific permits for a limited period to operate the quarries for the production need of 2020.

In view of the above, management has taken the necessary measures to minimize the impact of potentially 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.

5. CASH AND CASH EQUIVALENTS

	December 31,	
	2019	2018
	LBP'000	LBP'000
Cash on hand	945,697	-
Banks' current accounts	9,700,087	3,115,478
Time deposits (original maturity less than 3 months)	15,000,000	-
Cheques under collection	2,690,836	2,617,462
	28,336,620	5,732,940

Banks' current accounts are segregated into the following currencies:

	December 31,	
	2019	2018
	LBP'000	LBP'000
Lebanese Pounds	9,319,320	2,620,437
U.S. Dollar	380,767	-
Euro	-	495,041
	9,700,087	3,115,478

Time deposits with banks as at December 31, 2019 are denominated in Lebanese Pounds and maturing monthly. The deposits earned an average annual interest rate of 10% during 2019. Related interest income for the year 2019 amounted to LBP249million (Note 26).

Cheques under collection represent cheques held by the Company at year-end and collected during January 2020.

6. TRADE AND NOTES RECEIVABLE

	December 31, 2019	December 31, 2018
	LBP'000	LBP'000
Trade receivables	60,885,729	58,647,697
Notes receivable	12,260,558	16,923,203
Checks under collection	5,482,516	11,143,655
Due from related parties (Note 15)	7,223,977	5,696,706
	85,852,780	92,411,261
Less: Non-current portion of notes receivables	(8,953,169)	(12,120,981)
	76,899,611	80,290,280
Less: Allowance for expected credit losses - Credit impaired	(23,903,645)	(23,896,449)
Less: Allowance for expected credit losses - Not credit impaired	(2,808,875)	(1,323,646)
Total allowance for expected credit losses	(26,712,520)	(25,220,095)
	50,187,091	55,070,185

Trade receivable are distributed as follows by brackets of outstanding balance:

	December 31, 2019		
	Balance	Number of clients	Percentage
	LBP'000		%
Above LBP600million	50,216,610	33	82
Between LBP300million and LBP600million	4,445,513	11	7
Between LBP200million and LBP300million	2,889,329	12	5
Between LBP100million and LBP200million	1,503,229	11	2
Between LBP50million and LBP100million	987,070	14	2
Between LBP10million and LBP50million	678,274	28	1
Below 10million	165,704	58	1
	60,885,729	167	100

	December 31, 2018		
	Balance	Number of clients	Percentage
	LBP'000		%
Above LBP600million	47,257,374	30	81
Between LBP300million and LBP600million	5,508,734	13	9
Between LBP200million and LBP300million	2,229,418	9	4
Between LBP100million and LBP200million	1,629,732	11	2
Between LBP50million and LBP100million	1,111,085	15	2
Between LBP10million and LBP50million	777,979	32	1
Below LBP10million	133,375	58	1
	58,647,697	168	100

The aging of trade receivables as at December 31, 2019 and 2018 is detailed as follows:

	December 31,	
	2019	2018
	LBP'000	LBP'000
Not due	4,268,846	8,999,675
Up to 3 months	7,238,601	5,635,777
Over 3 months	49,378,282	44,012,245
	60,885,729	58,647,697

The credit limit granted to customers is between 30 days and 90 days. No interest is charged on past due trade receivables.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the "loss rate" approach based on the Company's historical credit loss experience adjusted for current conditions and forecasts for future conditions.

The movement of the allowance for credit loss is summarized as follows:

	2019	2018
	LBP'000	LBP'000
Balance at January 1	25,220,095	24,987,327
Allowance set up during the year	1,492,425	238,190
Write-off	-	(5,422)
Balance at December 31	26,712,520	25,220,095

Trade receivables are secured by bank guarantees of LBP27.1billion (LBP26billion as at December 31, 2018).

The maturity of the notes receivable is as follow:

	December 31,	
	2019	2018
	LBP'000	LBP'000
Within 1 year	3,307,389	4,802,222
Between 1 year and 5 years	7,915,664	10,589,561
Over 5 years and up to 10 years	1,037,505	1,531,420
	12,260,558	16,923,203

The effective interest rates on the notes receivable ranges between 4% and 7.5%. Interest income on notes receivable for the year 2019 amounted to LBP607million (LBP598million for 2018) (Note 26). Notes receivable are recoverable and no related impairment as at December 31, 2019 and 2018.

Refer also to Note 15 regarding notes receivable.

7. INVENTORIES

	December 31,	
	2019	2018
	LBP'000	LBP'000
Raw materials	15,792,866	19,392,662
Combustibles	11,680,972	19,608,789
Spare parts	14,757,619	19,003,937
Finished goods - cement	3,416,897	8,384,719
Work-in-progress	10,408,747	20,186,402
	56,057,101	86,576,509
Less: Provision for obsolete inventory	(7,206,381)	(8,070,352)
	48,850,720	78,506,157

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

	2019	2018
	LBP'000	LBP'000
Balance at January 1	8,070,352	8,051,542
(Write-back of provision)/provision set up during the year	(863,971)	18,810
Balance as at December 31	7,206,381	8,070,352

Provision for obsolete inventory is determined according to Lafarge Holcim 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

The cost of inventories recognised as an expense includes LBP1.4billion (nil in 2018) in respect of write-down of inventories to net realizable value.

8. OTHER ASSETS

	December 31,	
	2019	2018
	LBP'000	LBP'000
Advances to suppliers	1,142,672	291,663
Prepayments	10,246,109	8,673,274
Advances to employees	1,730,385	1,654,507
National Social Security Fund receivables	2,162,060	2,880,083
Other receivables	2,066,861	2,540,736
	17,348,087	16,040,263

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

Refer also to Note 15 regarding prepayments.

9. PROPERTY, PLANT AND EQUIPMENT

	Land LBP'000	Buildings LBP'000	Industrial Machinery and Equipment LBP'000	Vehicles LBP'000	Furniture, Fixtures and Office Equipment LBP'000	Total LBP'000
Cost:						
Balance at January 1, 2018	66,873,553	159,562,615	451,108,421	3,903,826	8,113,616	689,562,031
Additions	-	271,510	6,695,270	189,831	-	7,156,611
Disposals	-	-	(394,179)	(50,047)	-	(444,226)
Balance at December 31, 2018	66,873,553	159,834,125	457,409,512	4,043,610	8,113,616	696,274,416
Additions	-	57,877	8,825,600	-	54,026	8,937,503
Disposals	-	-	-	(120,737)	-	(120,737)
Balance at December 31, 2019	66,873,553	159,892,002	466,235,112	3,922,873	8,167,642	705,091,182
Accumulated Depreciation:						
Balance at January 1, 2018	-	(153,045,781)	(346,143,191)	(3,665,085)	(8,098,851)	(510,952,908)
Charge for the year (Note 25)	-	(687,141)	(16,819,555)	(89,792)	(4,219)	(17,600,707)
Disposals	-	-	394,179	50,047	-	444,226
Balance at December 31, 2018	-	(153,732,922)	(362,568,567)	(3,704,830)	(8,103,070)	(528,109,389)
Charge for the year (Note 25)	-	(679,298)	(15,383,326)	(113,900)	(10,972)	(16,187,496)
Disposals	-	-	-	108,089	-	108,089
Balance at December 31, 2019	-	(154,412,220)	(377,951,893)	(3,710,641)	(8,114,042)	(544,188,796)
Net Book Value:						
December 31, 2019	66,873,553	5,479,782	88,283,219	212,232	53,600	160,902,386
December 31, 2018	66,873,553	6,101,203	94,840,945	338,780	10,546	168,165,027

The Company's property, plant and equipment are stated at "deemed cost" which represents the revaluation amount as determined by an independent revaluation carried out in 1997 based on market values at December 31, 1993. The revaluation resulted in an increase in the value of property, plant and equipment of LLBP56.24billion over their carrying amount (Note 22).

Depreciation expense is included in cost of sales in the amount of LBP15.11billion (2018: LBP16.47billion), distribution expenses in the amount of LBP997million (2018: LBP1billion) and general and administrative expenses in the amount of LBP77million (2018: LBP106million).

10. INTANGIBLE ASSETS

	Extraction Rights LBP'000	Client List LBP'000	Software LBP'000	Total LBP'000
Cost:				
Balance as at January 1, 2018	33,520,569	58,340,250	570,473	92,431,292
Additions	-	-	68,024	68,024
Balance as at December 31, 2018	33,520,569	58,340,250	638,497	92,499,316
Additions	-	-	229,050	229,050
Balance as at December 31, 2019	33,520,569	58,340,250	867,547	92,728,366
Accumulated Amortization:				
Balance as at January 1, 2018	(13,387,992)	(58,340,250)	(555,383)	(72,283,625)
Charge for the year (Note 25)	(1,027,856)	-	(19,841)	(1,047,697)
Balance as at December 31, 2018	(14,415,848)	(58,340,250)	(575,224)	(73,331,322)
Charge for the year (Note 25)	(1,027,856)	-	(34,013)	(1,061,869)
Balance as at December 31, 2019	(15,443,704)	(58,340,250)	(609,237)	(74,393,191)
Net Book Value:				
December 31, 2019	18,076,865	-	258,310	18,335,175
December 31, 2018	19,104,721	-	63,273	19,167,994

The Company acquired a client list from a previous competitor under a non-compete agreement.

Refer also to Note 15 regarding extraction rights.

11. INVESTMENT PROPERTIES

Investment properties consist of 42 plots of land not used in the Company's operations segregated by location as follows:

	December 31, 2019 LBP'000	December 31, 2018 LBP'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

An independent valuation of the Company's investment properties was performed during the year 2019 by an independent expert to determine the fair value of the investment properties at December 31, 2019 and was estimated at LBP55billion.

The valuation technique used by the independent expert was that of level 2 and was derived using the sales comparison approach.

The fair value has been reduced by the Company's management as per their assessment and estimated to be LBP37billion .

12. INVESTMENT IN SUBSIDIARIES AND AFFILIATES

	Country of incorporation	Percentage of Legal Ownership	Cost of Investment	Provision for Impairment of Investment	Net Investment
		%	LBP'000	LBP'000	LBP'000
Boğaz Endütrive Madencilik	Turkish republic Limited of North Cyprus	100	19,342,709	-	19,342,709
Société Libanaise des Ciments Blancs S.A.L.	Lebanon	65.99	9,867,454	-	9,867,454
Holcim Beton S.A.L. (refer to Note 15)	Lebanon	97.82	5,604,406	(5,604,406)	-
Energis Liban S.A.L.	Lebanon	100	352,441	(313,441)	39,000
EDP Centre S.A.R.L. (under liquidation)	Lebanon	91.8	151	(151)	-
Other affiliate (SCI)	Lebanon	-	-	-	-
			35,167,161	(5,917,998)	29,249,163

13. BANK OVERDRAFTS

Bank overdrafts as at December 31, 2019 and 2018 are short-term in nature, subject to commercial rates and denominated in U.S. Dollar and Euro.

Interest expense incurred on bank overdrafts amounted to LBP3.74billion during 2019 (LBP4billion during 2018) (Note 26).

14. ACCOUNTS PAYABLE

	December 31,	
	2019	2018
	LBP'000	LBP'000
Trade payables	12,494,418	33,795,639
Due to related parties (Note 15)	14,008,918	12,720,137
	26,503,336	46,515,776

Trade payables consist of current trading suppliers' balances and are non-interest bearing.

15. RELATED PARTY BALANCES AND TRANSACTIONS

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24: Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control and key management personnel.

Balances with related parties are as follows:

	December 31, 2019		December 31, 2018	
	Due From	Due To	Due From	Due To
	LBP'000	LBP'000	LBP'000	LBP'000
Subsidiaries and affiliates:				
Société Libanaise des Ciments Blancs S.A.L.	3,672,372	4,883,965	249,869	6,347,775
Holcim Beton S.A.L.	13,139,186	-	14,074,520	-
Boğaz Endütri ve Madencilik Limited	-	-	653,652	-
Energis Liban S.A.L.	102,868	-	100,190	-
EDP Centre S.A.R.L. (Under liquidation)	1,600,660	-	1,600,660	-
	18,515,086	4,883,965	16,678,891	6,347,775
Entities associated with the company:				
Lafarge Holcim Energy Solutions S.A.S.	-	4,447,123	-	3,329,056
Lafarge Holcim Middle East & Africa IT Service Center	-	452,925	-	143,884
Egypt Sack S.A.E	-	194,166	-	-
Holcim Group Services Ltd	-	452,844	-	559,413
Lafarge Holcim Trading Ltd	-	554,154	-	336,640
Holcim Technology Ltd	-	2,975,368	-	1,942,786
Carriere Jieh S.A.L.	432,583	-	425,388	-
Other related parties	64,174	48,373	239,805	60,583
	496,757	9,124,953	665,193	6,372,362
Less: allowance for impairment:				
Holcim Beton S.A.L.	(9,754,623)	-	(9,621,330)	-
EDP Centre S.A.R.L. (under liquidation)	(1,600,660)	-	(1,600,660)	-
Carriere Jieh S.A.L.	(432,583)	-	(425,388)	-
	(11,787,866)	-	(11,647,378)	-
	7,223,977	14,008,918	5,696,706	12,720,137

Additional impairment for due from related parties amounting to LBP133million (LBP3billion in 2018), related to Holcim Beton S.A.L., a subsidiary, was recorded in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019. The General Assembly meeting of this subsidiary dated July 20, 2018 resolved to temporarily discontinue the Company's operations and lease or sale part of its property and equipment.

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

	2019 LBP'000	2018 LBP'000
Key management remuneration:		
Key management personnel	1,636,238	2,450,766
Dividend income from subsidiaries:		
Boğaz Endũtri ve Madencilik Limited	1,544,688	-
Société Libanaise des Ciments Blancs S.A.L.	2,669,845	3,955,685
	4,214,533	3,955,685

An amount of LBP176million was outstanding as dividends receivable as at December 31, 2019 (2018: LBP891million).

Notes receivable as at December 31, 2019 (Note 6) include an aggregate amount of LBP7.3billion (LBP8.4billion as at December 31, 2018) from an affiliate, split between LBP1.1billion as current and LBP6.2billion as non-current (LBP1.1billion and LBP7.3billion respectively as at December 31, 2018). Related interest income on these notes receivable amounted to LBP418million during 2019 (LBP346million during 2018) recorded under "Finance cost – net" in the statement of profit or loss and other comprehensive income.

Extraction rights under intangible assets in the net carrying value of LBP18billion as at December 31, 2019 (LBP19.1billion as at December 31, 2018) were acquired from an affiliate and paid for in advance and are being amortized over the life of the lease agreements (Refer to Note 10).

Advances to an affiliate in the amount of LBP8.98billion as at December 31, 2019 (LBP7.5billion as at December 31, 2018) represent prepaid rent for land and premises recorded as prepayments under "Other assets" in the statement of financial position (Note 8).

16. 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 LBP4.74billion (Note 27). An amount of LBP237million was paid upfront while the remaining balance of LBP4.5billion is payable by 120 monthly instalments. The last instalment payment is due on 25 April 2025. The effective interest rate on these notes payable is 5%.

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

	December 31,	
	2019 LBP'000	2018 LBP'000
Within 1 year	450,380	450,380
Between 1 year and 5 years	1,951,643	2,251,897
Over 5 years	-	150,126
	2,402,023	2,852,403

17. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31,	
	2019	2018
	LBP'000	LBP'000
Accrued rebates	6,764,543	7,616,356
Accrued expenses	2,555,262	3,671,535
Accrued interest payable (Note 15)	1,498,489	-
Advances from customers	448,559	530,248
Value added tax payable	1,985,854	656,158
Tax on salaries payable	246,727	296,656
Other tax liabilities	855,127	1,679,749
	14,354,561	14,450,702

Other tax liabilities include mainly tax on production and extraction and is recorded under cost of sales in the statement of profit or loss and other comprehensive income.

18. INCOME TAX EXPENSE

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

	2019	2018
	LBP'000	LBP'000
(Loss)/profit before tax	(1,287,505)	54,028,922
Income tax expenses at statutory rate of 17%	(218,874)	9,184,919
Tax effect of expenses not deductible for tax purposes:		
Provision for sales discounts	22,815	40,235
Provision for obsolete inventory	22,276	25,091
Provision for risk and charges	44,848	83,831
Allowance for credit loss on accounts receivable	254,935	41,716
Allowance for credit loss on due from related parties	22,660	525,081
Other non-deductible expenses	671,974	729,651
Tax effect of revenues not taxable for tax purposes:		
Dividend income	(687,592)	(560,435)
Reversal of sales discounts	(144,808)	(884,089)
Other income	(2,467)	-
Total current tax	-	9,186,000
Change in deferred tax liability (see below)	-	3,573,887
Income tax expenses	-	12,759,887

The Company's tax returns and VAT declarations for the years 2015 to 2019 remain subject to examination and final assessment by the tax authorities and any additional tax liability depends on the outcome of such a review.

The Company's records are still subject to examination by the National Social Security Fund for the years 2016 to 2019. The result of this examination cannot be determined at the present.

Movement in the current income tax liability is as follows:

	2019 LBP'000	2018 LBP'000
Balance at January 1,	9,184,351	12,455,374
Provision for the year	-	9,186,000
Payments during the year	(9,184,351)	(12,457,023)
Balance at December 31,	-	9,184,351

Net deferred tax liability comprises the following:

	2019 LBP'000	2018 LBP'000
Deferred tax liability:		
Tax on land revaluation surplus (Note 22)	5,623,674	5,623,674
Deferred tax asset:		
Tax on environmental restoration provision	(825,168)	(825,168)
Net deferred tax liability	4,798,506	4,798,506

Movement in the deferred tax liability is as follows:

	2019 LBP'000	2018 LBP'000
Balance at January 1,	4,798,506	1,224,619
Addition	-	3,573,887
Balance at December 31,	4,798,506	4,798,506

19. PROVISION FOR RISK AND CHARGES

Provision for risk and charges represents the following:

	December 31,	
	2019	2018
	LBP'000	LBP'000
Non-current:		
Environmental restoration (a)	5,062,694	4,853,944
	5,062,694	4,853,944

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

	2019	
	Environmental restoration	Total
	LBP'000	LBP'000
Balance at January 1	4,853,944	4,853,944
Additions	263,813	263,813
Write-off	(55,063)	(55,063)
Balance at December 31	5,062,694	5,062,694

	2018			
	Restructuring	Others	Environmental restoration	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Balance at January 1	683,196	4,427,865	4,627,819	9,738,880
Additions	-	-	226,125	226,125
Settlements	(115,521)	(4,427,865)	-	(4,543,386)
Write-back	(567,675)	-	-	(567,675)
Balance at December 31	-	-	4,853,944	4,853,944

(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) Restructuring

Provision for restructuring costs related to a restructuring programme where employees aged 60 and above were offered an early retirement plan. This programme was first introduced during the year ended December 31, 2015. The Company took a provision of LBP4.95billion in this respect during 2015. During 2018, the Company decided to stop the programme, accordingly the remaining provision amounting to LBP568million was written-back and recorded in the statement of profit or loss and other comprehensive income

(c) Other provisions

During 2017, the Company's records were subject to review by the income tax department in respect of the fiscal years 2012 to 2014. The tax assessment amounted to LBP5billion, out of which an amount of LBP4.5billion was paid by the Company during February 2018 after reduction of tax penalties and charged to "Other provisions" to the extent of LBP4.4billion set up during the year ended December 31, 2017.

20. RETIREMENT BENEFIT OBLIGATIONS

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

	2019 LBP'000	2018 LBP'000
Balance at January 1	6,104,858	6,126,692
Current service cost	142,727	55,583
Interest expense	248,252	335,277
Total amount recognized in profit or loss	390,979	390,860
Re-measurements		
Actuarial changes arising from changes in assumptions	(28,665)	(659,608)
Experience (gains)/losses	(921,142)	399,188
Total amount recognized in other comprehensive income	(949,807)	(260,420)
Transfer from a subsidiary	-	66,990
Benefit payments during the year	(504,901)	(219,264)
Balance at December 31	5,041,129	6,104,858

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees, IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the financial statements as at December 31, 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting rates have been calculated based on the following actuarial assumptions:

	2019	2018
Discount rate	5.6%	5.3%
Expected rate of return on contributions	5.0%	5.0%
Salary growth rate	4.0%	4.0%
Mortality rate	None	None
Turnover rate	None	None
Retirement age	Earliest of 64 or completion of 35 years of contribution	Earliest of 64 or completion of 35 years of contribution

21. CAPITAL

At December 31, 2019 and 2018, the Company's capital amounting to LBP97.58billion consists of 19,516,040 shares with a nominal value of LBP5000 each, fully paid.

22. RESERVES

Legal reserve

As required by the Lebanese Code of Commerce and in accordance with the Company's Articles of Association, an annual appropriation of 10% of net profit for the year is made to legal reserve, until such reserve reaches one third of the Company's capital. The legal reserve is not available for distribution to the shareholders.

Legal reserve as at December 31, 2017 exceeded one third of the Company's capital due to the decrease in capital during 2016. During 2018, the Ordinary General Assembly meeting dated July 3, 2018 resolved to reduce the Company's legal reserve and transferring an amount of LBP19.8billion to retained earnings thereby reducing legal reserve balance to the equivalent of one third of the Company's capital.

Revaluation Surplus

Revaluation surplus of LBP50.61billion represents the amount of the revaluation reserve net of tax of LBP5.62billion that arose on revaluation of property, plant and equipment in 1997. The revaluation surplus is subject to capital gains tax. Accordingly, a deferred tax liability of LBP5.62billion is carried in respect of this temporary difference (Note 18).

23. DIVIDENDS DISTRIBUTION

On June 19, 2019, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LBP7.6billion (390 per share)

On July 3, 2018, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LBP84billion (4,300 per share)

An amount of LBP1.7billion is outstanding as dividend payable as at December 31, 2019 (LBP1.9billion as at December 31, 2018).

24. NET SALES

	Year Ended December 31,	
	2019	2018
	LBP'000	LBP'000
Cement	159,649,084	234,118,790
Discounts	(8,938,230)	(10,127,776)
	150,710,854	223,991,014

25. EXPENSES BY NATURE

	2019			
	Cost of Sales	Distribution Expenses	General and Administrative Expenses	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Combustibles	29,349,433	-	-	29,349,433
Raw materials	17,301,038	121,322	-	17,422,360
Salaries and related charges	12,607,790	1,735,425	6,472,952	20,816,167
Spare parts, consumables and maintenance expenses	11,774,367	387,034	63,668	12,225,069
Depreciation charge (Note 9)	15,113,539	996,683	77,274	16,187,496
Franchise and administrative support expenses (Note 15)	-	-	7,058,619	7,058,619
Transportation	-	4,668,048	-	4,668,048
Packing materials	-	4,129,884	-	4,129,884
Other taxes (Note 17)	9,553,858	778	604,176	10,158,812
Contractual employees	966,658	370,919	36,076	1,373,653
Rent charges	518,703	60,300	500,067	1,079,070
Other third party services	799,606	263,428	16,670	1,079,704
Amortization charge (Note 10)	1,027,856	-	34,013	1,061,869
Professional fees	25,330	-	487,782	513,112
Write-down of inventory (Note 7)	1,408,000	-	-	1,408,000
Changes in inventories of finished goods and work-in-progress	13,337,476	-	-	13,337,476
Other expenses	-	79,626	1,908,344	1,987,970
	113,783,654	12,813,447	17,259,641	143,856,742

	2018			
	Cost of Sales	Distribution Expenses	General and Administrative Expenses	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Combustibles	54,012,100	-	-	54,012,100
Raw materials	25,421,671	186,122	-	25,607,793
Salaries and related charges	13,276,391	1,709,521	7,322,431	22,308,343
Spare parts, consumables and maintenance expense	13,014,356	505,202	169,426	13,688,984
Depreciation charge (Note 9)	16,472,198	1,022,176	106,333	17,600,707
Franchise and administrative support expenses (Note 15)	-	-	11,065,181	11,065,181
Transportation	-	7,308,617	-	7,308,617
Packing materials	-	5,244,044	-	5,244,044
Other taxes (Note 17)	13,641,898	600	718,176	14,360,674
Contractual employees	1,445,468	538,966	33,692	2,018,126
Rent charges	486,817	35,049	386,031	907,897
Other third party services	847,566	246,441	37,423	1,131,430
Amortization charge (Note 10)	1,027,856	-	19,841	1,047,697
Professional fees	25,228	21,935	483,873	531,036
Changes in inventories of finished goods and work-in-progress	(14,305,775)	-	-	(14,305,775)
Other expenses	-	95,619	2,847,147	2,942,766
	125,365,774	16,914,292	23,189,554	165,469,620

Franchise fee paid to Holcim Group represents 3.5% of net sales of Holcim Liban S.A.L. and its subsidiaries.

Salaries and related charges consist of the following:

	Year Ended December 31,	
	2019	2018
	LBP'000	LBP'000
Salaries	13,347,951	14,362,150
Costs recharged from a related party	807,040	1,359,769
Transportation	492,480	484,256
National Social Security contributions	1,907,279	2,083,935
Other benefits	4,261,417	4,018,233
	20,816,167	22,308,343

26. FINANCE COSTS - NET

	Year Ended December 31,	
	2019	2018
	LBP'000	LBP'000
Finance costs:		
Interest expense on loans granted from related parties (Note 15)	6,521,052	994,609
Bank overdrafts (Note 13)	3,741,328	4,010,738
Other charges	730,025	884,320
	10,992,405	5,889,667
Finance income:		
Interest income on bank accounts	248,501	6,138
Interest income on notes receivable	607,378	598,288
	855,879	604,426
Finance cost - net	10,136,526	5,285,241

27. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingent liabilities as at December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
	LBP'000	LBP'000
Bank guarantees	5,580,543	5,580,543

Legal claims

The Company's accounting records were examined by the National Social Security Fund ("NSSF") for the period from January 1, 1982 to September 30, 2007. The review resulted in an assessment and in additional subscriptions due of LBP5.3billion. 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 instalments (Note 16).

(ii) 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 National Social Security Fund.

The Company is also 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, the outcome of which is still uncertain as these cases are still under follow up.

28. STATEMENT OF CASH FLOWS

The following non-cash transactions were excluded from the statement of cash flows during 2019:

- Dividends declared not yet paid amounting to LBP110million.
- Adjustment between inventories and provision for risk and charges in the amount of LBP55million.

The following non-cash transactions were excluded from the statement of cash flows during 2018:

- Dividends declared not yet paid amounting to LBP112million.
- Retirement benefit obligations against related parties accounts amounting to LBP67million.

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	At January 1, 2019	Financing Cash Inflows/ (Outflows)	Other Changes	At December 31, 2019
	LBP'000	LBP'000	LBP'000	LBP'000
Bank overdrafts	70,729,018	(64,221,290)	-	6,507,728
Loans from related parties	12,060,000	79,067,718	-	91,127,718
	82,789,018	14,846,428	-	97,635,446

29. 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's value.

The Company manages its capital structure and makes adjustments to it in the light of changes in business conditions. No changes were made in the objectives, policies or procedures during the years ended 2019 and 2018. Equity comprises capital, reserves and retained earnings, and is measured at LBP215billion as at December 31, 2019 (2018: LBP223billion).

30. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

(a) Fair Values of Financial Assets and Liabilities:

The carrying book values of financial assets and liabilities are not materially different from their fair values applicable at the reporting date, except for investment properties as mentioned in Note 11.

(b) 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 accounts receivable. As shown in Note 6, concentration of credit risk exists whereby 33 customers represent 82% of total trade receivables as at December 31, 2019 (30 customers represent 81% as at December 31, 2018).

The carrying amount of financial assets recognized in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

(c) Liquidity and Country Risk:

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. The Company manages liquidity risk by maintaining adequate resources and ensuring the availability of necessary bank trade finance facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As a result of the social unrest and demonstrations prevailing in Lebanon since October 17, 2019, the banking community as a whole, has been exposed to business disruptions and run of depositors after days of closure which, in conjunction with the further downgrade of sovereign credit risk to "C" grade coupled with credit default, as well as the specific similar credit downgrade of certain local banks which are rated, have raised incremental credit risks and uncertainties associated with economic and political conditions in the Republic of Lebanon, including but not limited to, access to foreign currency, capital flows and free outflow of movement of funds, legal and regulatory landscape, and other adverse factors contributing to disruptions to the operations and to regular banking practices.

The Company's management recognizes the difficulties involved in predicting all developments in the Lebanese economy and consequently, what effect, if any, they could have on the future financial performance, cash flows, and financial position of the Company. The Company's management is aware of all risks and developed a stress scenario for business continuity along with any possible impact on the Company's financial statements. Refer to Note 4.

The table below summarizes the maturities of the Company's financial assets and liabilities at December 31, 2019 and 2018, based on contractual payment dates and current market interest rates.

	December 31, 2019			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Financial Assets				
Cash and cash equivalents	28,336,620	-	-	28,336,620
Accounts and notes receivable	50,187,091	7,915,664	1,037,505	59,140,260
Dividends receivable	176,275	-	-	176,275
Other assets	3,797,246	2,162,060	-	5,959,306
	82,497,232	10,077,724	1,037,505	93,612,461
Financial Liabilities				
Banks overdrafts	6,507,728	-	-	6,507,728
Accounts payable	26,503,336	-	-	26,503,336
Notes payable	450,380	1,951,643	-	2,402,023
Dividends payable	1,745,038	-	-	1,745,038
Loans from related parties	-	91,127,718	-	91,127,718
Accrued expenses and other liabilities	4,586,197	-	-	4,586,197
	39,792,679	93,079,361	-	132,872,040

	December 31, 2018			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Financial Assets				
Cash and cash equivalents	5,732,940	-	-	5,732,940
Accounts and notes receivable	55,070,185	10,589,561	1,531,420	67,191,166
Dividends receivable	890,654	-	-	890,654
Other assets	4,195,243	2,880,083	-	7,075,326
	65,889,022	13,469,644	1,531,420	80,890,086
Financial Liabilities				
Bank overdrafts	70,729,018	-	-	70,729,018
Accounts payable	46,515,776	-	-	46,515,776
Notes payable	450,380	2,251,897	150,126	2,852,403
Dividends payable	1,855,601	-	-	1,855,601
Loan from a subsidiary	-	12,060,000	-	12,060,000
Accrued expenses and other liabilities	2,632,563	-	-	2,632,563
Current income tax liability	9,184,351	-	-	9,184,351
	131,367,689	14,311,897	150,126	145,829,712

(d) Market Risk:

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's interest bearing assets are notes receivable which are subject to fixed interest rates. The Company's bank overdrafts and loans from related parties are subject to variable interest rates whereas notes payable are subject to fixed interest rates. A 1% change in interest rate would impact the Company's profitability by LBP976million.

Currency Risk:

Currency risk arises from the possibility that changes in exchange rates will affect the values of the monetary assets and liabilities denominated in foreign currencies in case the Company does not hedge its currency exposure by means of hedging instruments.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Company at the reporting date are as follows:

	2019				
	LBP	USD	EUR	Others	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Financial Assets					
Cash and cash equivalents	26,399,056	1,939,296	(1,732)	-	28,336,620
Accounts and notes receivable	-	59,076,086	64,174	-	59,140,260
Dividends receivable	-	-	-	176,275	176,275
Other assets	5,959,306	-	-	-	5,959,306
	32,358,362	61,015,382	62,442	176,275	93,612,461
Financial Liabilities					
Bank overdrafts	-	6,507,728	-	-	6,507,728
Accounts payable	3,253,948	13,058,555	5,557,151	4,634,082	26,503,336
Notes payable	2,402,023	-	-	-	2,402,023
Dividends payable	1,745,038	-	-	-	1,745,038
Loan from related parties	-	91,127,718	-	-	91,127,718
Accrued expenses and other liabilities	4,586,197	-	-	-	4,586,197
	11,986,806	110,694,001	5,557,151	4,634,082	132,872,040
Net position	20,371,556	(49,678,619)	(5,494,709)	(4,457,807)	(39,259,579)

	2018				
	LBP	USD	EUR	Others	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Financial Assets					
Cash and cash equivalents	5,237,899	-	495,041	-	5,732,940
Accounts and notes receivable	-	66,297,709	239,805	653,652	67,191,166
Dividends receivable	890,654	-	-	-	890,654
Other assets	7,075,326	-	-	-	7,075,326
	13,203,879	66,297,709	734,846	653,652	80,890,086
Financial Liabilities					
Bank overdrafts	-	70,729,018	-	-	70,729,018
Accounts payable	1,959,449	33,383,965	4,860,583	6,311,779	46,515,776
Notes payable	2,852,403	-	-	-	2,852,403
Dividends payable	1,855,601	-	-	-	1,855,601
Loan from subsidiary	-	12,060,000	-	-	12,060,000
Accrued expenses and other liabilities	2,632,563	-	-	-	2,632,563
Current income tax liability	9,184,351	-	-	-	9,184,351
	18,484,367	116,172,983	4,860,583	6,311,779	145,829,712
Net position	(5,280,488)	(49,875,274)	(4,125,737)	(5,658,127)	(64,939,626)

31. POST BALANCE SHEET EVENT

Since the accounts were closed on December 31, 2019, the Novel Coronavirus (Covid-19) pandemic was confirmed. As of the date of the financial statements, the Company's management is not aware of any uncertainties in this respect that may cast a significant doubt on the Company's ability to continue as a going concern. As such, the financial statements for the year ended December 31, 2019 are prepared on going concern basis.

The Company's activities started to be impacted by COVID-19 starting mid-March 2020. Due to the recent nature of this pandemic, the impact on the Company cannot be reasonably quantified at the date of issuance of these financial statements. Furthermore, this event does not have any impact on the financial statements for the year ended December 31, 2019, or the Company's ability to continue as a going concern.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2019 were approved and authorized for issue on June 19, 2020 by the Board of Directors.