SOCIETE LIBANAISE DES CIMENTS BLANCS SAL

FINANCIAL STATEMENTS

31 DECEMBER 2022

Ernst & Young p.c.c
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS SOCIÉTÉ LIBANAISE DES CIMENTS BLANCS SAL

Adverse Opinion

We have audited the financial statements of Société Libanaise des Ciments Blancs SAL (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the accompanying financial statements do not present fairly the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

1. As disclosed in note 2.1 to the financial statements, the Company did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the accompanying financial statements for the year ended 31 December 2022 nor did the Company consider its effects on forecasts and discount rates used in accounting estimates. Had the Company applied IAS 29 and considered its effects on accounting estimates, many elements and disclosures in the accompanying financial statements, including the comparative financial information for the year ended 31 December 2021, would have been materially different. The effects on the financial statements from this departure have not been determined.

2. The Company translated assets and liabilities denominated in foreign currencies as at 31 December 2022, and transactions in foreign currencies that occurred during the year then ended, using the exchange rates disclosed in note 2.5 to the financial statements. Accordingly, the Company did not use an appropriate exchange rate for the translation of foreign currency transactions and did not re-translate all monetary assets and liabilities stated in foreign currencies at the appropriate exchange rate at the reporting date, which constitutes a departure from IAS 21. Had the Company applied the requirements of IAS 21, many of the elements of the accompanying financial statements, including disclosures would have been materially impacted. The effects on the financial statements from this departure have not been determined.

3. The Company has bank balances in Lebanon amounting to LL (000) 14,793,186 as at 31 December 2022 (2021: LL (000) 6,057,611). It is not possible to determine the future effects that the restructuring plan and the economic crisis could have on the expected credit losses and thus the carrying amount of these assets. The accompanying financial statements do not include adjustments that could result from the resolution of these uncertainties.

Basis for Adverse Opinion (continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We 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 ue 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 adverse opinion.

Emphasis of a Matter

We draw attention to note 2.2 to the financial statements which describes the current economic situation in Lebanon. Our opinion is not further modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2022. Except for the matters described in the "Basis for Adverse Opinion" section of our report, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The Company's financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an adverse opinion on those statements on 22 June 2022 for the same reasons as those described in paragraphs 1, 2 and 3 in "Basis for Adverse Opinion" section of our report above.

Responsibilities of the Board of Directors and those Charged with Governance for the Financial Statement

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

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

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

Auditor 's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

Ernst & Young

Ernst & Young

20 June 2023
Beirut, Lebanon

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	*2022 LL (000)*	*2021 LL (000)*
Sales	3	**151,638,543**	42,198,781
Cost of sales	4	**(109,209,057)**	(22,167,933)
GROSS PROFIT		**42,429,486**	20,030,848
Distribution expenses	4	**(7,785,834)**	(3,147,175)
General and administrative expenses	4	**(7,257,337)**	(2,574,572)
Write back (provision) for slow moving and obsolete inventory	8	**20,792**	(408,057)
Interest income on loan to a shareholder	7	**431,927**	439,051
Finance charges, net		**(328,210)**	(38,569)
Net gain (loss) on exchange		**11,454,387**	(79,187)
PROFIT BEFORE INCOME TAX		**38,965,211**	14,222,339
Income tax expense	5	**(6,564,951)**	(2,430,000)
PROFIT FOR THE YEAR		**32,400,260**	11,792,339
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	14	**(307,202)**	(1,257,948)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32,093,058**	10,534,391
Profit for the year		**32,400,260**	11,792,339
Number of ordinary shares in issue		**9,000,000**	9,000,000
Earnings per share from profit attributable to the equity holders of the Company during the year in LL		**3,600**	1,310

The attached notes 1 to 19 form part of these financial statements.

SOCIÉTÉ LIBANAISE DES CIMENTS BLANCS SAL

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 LL (000)	2021 LL (000)
ASSETS			
Non-current assets			
Property and equipment	6	**32,343,359**	16,449,262
Loan to the parent company	7	**12,060,000**	12,060,000
Total non-current assets		**44,403,359**	28,509,262
Current assets			
Inventories	8	**113,635,114**	19,124,242
Other assets	9	**9,700,670**	13,420,968
Accounts receivable	10	**367,399**	182,547
Bank balances	11	**14,793,186**	6,057,611
Total current assets		**138,496,369**	38,785,368
TOTAL ASSETS		**182,899,728**	67,294,630
EQUITY AND LIABILITIES			
Equity			
Capital	12	**13,500,000**	13,500,000
Share premium		**2,656**	2,656
Legal reserve	13	**4,500,000**	4,500,000
Other reserve	13	**4,010,692**	4,010,692
Re-measurement of defined benefit obligations	14	**(933,333)**	(626,131)
Retained earnings		**53,371,753**	20,971,493
Total equity		**74,451,768**	42,358,710
Non-current liabilities			
Provision for risk and charges		**45,225**	45,225
Employees' end of service benefits	14	**1,676,083**	1,831,166
Deferred tax liability	5 (b)	**445,632**	445,632
Total non-current liabilities		**2,166,940**	2,322,023
Current liabilities			
Deferred income		-	174,098
Accounts payable	15	**95,979,397**	18,777,845
Accrued expenses and other liabilities	16	**3,654,196**	1,164,036
Current income tax liability	5 (a)	**6,647,427**	2,497,918
Total current liabilities		**106,281,020**	22,613,897
Total liabilities		**108,447,960**	24,935,920
TOTAL EQUITY AND LIABILITIES		**182,899,728**	67,294,630

The accompanying financial statements were approved for issue by the Board of Directors on 15 June 2023 and were signed on its behalf by

Jamil Bou Haroun
Chief Executive Officer

Mario Dib
Chief Financial Officer

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Capital LL (000)	Share premium LL (000)	Legal reserve LL (000)	Other reserve LL (000)	Re-measurement of defined benefit obligations LL (000)	Retained earnings LL (000)	Total LL (000)
Balance at 1 January 2021	13,500,000	2,656	4,500,000	4,010,692	631,817	9,179,154	31,824,319
Total comprehensive income for the year	-	-	-	-	(1,257,948)	11,792,339	10,534,391
Balance at 31 December 2021	13,500,000	2,656	4,500,000	4,010,692	(626,131)	20,971,493	42,358,710
Total comprehensive income for the year	-	-	-	-	(307,202)	32,400,260	32,093,058
Balance at 31 December 2022	**13,500,000**	**2,656**	**4,500,000**	**4,010,692**	**(933,333)**	**53,371,753**	**74,451,768**

The attached notes 1 to 19 form part of these financial statements.

SOCIÉTÉ LIBANAISE DES CIMENTS BLANCS SAL

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	***2022*** ***LL (000)***	*2021* *LL (000)*
OPERATING ACTIVITES		**38,965,211**	14,222,339
Profit for the year before income tax			
Adjustments for:			
Depreciation	6	**1,309,890**	857,721
Provision for retirement benefit obligations	14	**53,426**	20,482
(Write-back) provision for slow moving and obsolete inventory	8	**(20,792)**	408,057
		40,307,735	15,508,599
Working capital changes:			
Increase in inventories		**(94,490,080)**	(14,341,253)
(Increase) decrease in accounts receivable		**(184,852)**	186,138
Increase in other assets		**(178,898)**	(9,165,279)
Increase in accounts payable		**17,846,169**	8,133,063
Increase (decrease) in accrued expenses and other liabilities		**2,490,160**	(374,078)
Net change in related parties balances		**63,254,579**	9,006,318
Decrease in deferred income		**(174,098)**	(9,430)
Cash from operations		**28,870,715**	8,944,078
Income tax paid	5	**(2,415,442)**	(671,336)
End of service benefits paid	14	**(515,711)**	(122,351)
Net cash from operating activities		**25,939,562**	8,150,391
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(17,203,987)**	(7,526,685)
Net cash used in investing activities		**(17,203,987)**	(7,526,685)
INCREASE IN CASH AND CASH EQUIVALENTS		**8,735,575**	623,706
Cash and cash equivalents at 1 January		**6,057,611**	5,433,905
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	**14,793,186**	6,057,611

The attached notes 1 to 19 form part of these financial statements.

1 CORPORATE INFORMATION

Société Libanaise des Ciments Blancs S.A.L. ("the Company") is a joint stock company registered at the Beirut Commercial Court on June 28, 1961 under commercial register number 3. The Company's head office is in Chekka, Lebanon and the plant is located on plots that are situated within the municipalities of Chekka, 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 white cement and related products.

The parent company is Holcim (Liban) S.A.L. The ultimate parent company Holcim Ltd. and the address of its registered office is Grafenauweg 10-6300 Zug-Switzerland.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

As of 31 December 2022, all conditions have been met for the Company's financial statements to incorporate the inflation adjustment provided under IAS 29 "Financial Reporting in Hyperinflationary Economies". IFRS requires that financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period. Paragraph 4 of IAS 29 states that it is preferable for all entities that report in the currency of a hyperinflationary economy to apply the standard at the same date. In order to achieve uniformity as to the identification of an economic environment of this kind, IAS 29 provides certain guidelines: a cumulative three-year inflation rate exceeding 100% is a strong indicator of hyperinflation, but also qualitative factors, such as analysing the behaviour of population, prices, interest rates and wages should also be considered.

The Lebanese Central Administration of Statistics reported 3-year and 12-month cumulative increase of consumer price index of 1,670% and 122% respectively as of December 2022 (753% and 224%, respectively, as of December 2021). Qualitative indicators, following the deteriorating economic condition and currency controls, also support the conclusion that Lebanon is a hyperinflationary economy for accounting purposes for periods ending on or after 31 December 2022.

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

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

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

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

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

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

2.2 Operating environment of the Company

The Company's operations during 2022 were in Lebanon, which has been witnessing, since 17 October 2019, severe events that have set off an interconnected fiscal, monetary and economic crisis and as well as deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of default when, on March 7, 2020, the Lebanese Republic announced that it will withhold payment on the bonds due on March 9, 2020, which was followed by another announcement on March 23, 2020, for the discontinuation of payments on all of its US Dollars denominated Eurobonds.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Operating environment of the Company (continued)

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

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

Lebanese Government's Financial Recovery Plan

A financial recovery plan was ratified by the Cabinet on 20 May 2022. The document was passed by the Cabinet in its final session hours before losing decision-making powers, following the election of a new parliament on 15 May. The implementation of the prior actions is further complicated by the upcoming political agenda, despite the approval by the newly elected parliament of a reformed secrecy law and the 2022 budget which came in force as of 15 November 2022. The president mandate expired on 31 October 2022, till date no election of a new president occurred.

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

International Monetary Fund (IMF)

Following the end of the IMF virtual mission from 24 January to 11 February with the Lebanese authorities on the framework and policies of an economic reform program that can be supported by the Fund, the IMF issued a release on Lebanon, saying that the unprecedented and complex nature of the Lebanese crisis requires a comprehensive economic and financial reform program to stabilize the economy, address deep-seated challenges, and lay the ground for sustainable and strong growth. On 7 April 2022 the IMF concluded a two-week mission to Beirut with an announcement of a staff level agreement for a US$ 3bn, 46-month Extended Fund Facility (EFF). This agreement is subject to the approval by IMF management and the Executive Board. Timely implementation of all prior actions and confirmation of international partners financial support is required before formal approval by the Executive Board. Prior actions include:

1. Cabinet/ parliamentary approval of a bank restructuring strategy enabling legislation in conjunction with an audit of the 14 largest banks;
2. Parliamentary approval of a reformed bank secrecy law;
3. Completion of the Central Bank of Lebanon's audit;
4. A restructuring of the outstanding commercial debt (including Eurobonds);
5. Parliamentary approval of the 2022 budget; and
6. Unification by the Central Bank of Lebanon of the exchange rates for authorized current account transactions.

2.3 Change in accounting policies

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the previous year, except for the adoption of the new and amended IFRS effective as of 1 January 2022:

- *Reference to the Conceptual Framework – Amendments to IFRS 3*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases*
- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*
- *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective

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

- *IFRS 17 Insurance Contracts*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*
- *Definition of Accounting Estimates - Amendments to IAS 8*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12*
- *Amendments to IFRS 16, Leases – Lease liability in a Sale and Leaseback*

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

2.5 Significant accounting policies

Revenue recognition
Revenue from sale of goods is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements. Revenue is recognized at the point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

Interest income is recorded using the effective interest rate by reference to the net carrying amount of the financial assets.

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Pensions and other post-employment benefits (continued)
Past service costs are recognised in profit or loss on the earlier of:

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

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

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

Taxes
Taxation is provided in accordance with Lebanese fiscal regulations.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

Taxes (continued)

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

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

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

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

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

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

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

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

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

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

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

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

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

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

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

Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

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

The national currency of Lebanon is the Lebanese Lira, which until end of 2019 was pegged to the US Dollar at the rate of 1US$ equivalent to LL 1,507.5. However, several exchange rates have emerged since the last quarter of 2019 that vary significantly among each other and from the official one: parallel exchange markets and the Sayrafa rate that are highly volatile, the Platform Rate, estimated exchange rates detailed in the government's Financial Recovery Plan, in addition to different exchange rates adopted for commercial transactions purposes in Lebanon.

- On 21 April 2020 the Central Bank of Lebanon issued Basic Circular 151 concerning depositors who wish to withdraw amounts of cash from their "local" foreign currencies accounts as per the Platform Rate up to limits set by their bank. The limits set by the banks in Lebanon had monthly averages of US$ 3,000 per bank account. The "Platform Rate" was 1 US$/LL 3,900 throughout the period from the issuance of the circular. During December 2021, it was increased to 1 US$/LL 8,000 and subsequent to year end beginning February 2023 it was increased to 1 US$/LL 15,000.

- On 10 May 2021, the Central Bank of Lebanon issued Basic Circular 157 setting the framework of exceptional measures for foreign-currency operations. Hence, banks operating in Lebanon must process customers' FX operations (buy and sell) related to their personal or commercial needs on the electronic platform "Sayrafa". Transactions with customers encompass purchase and sale of foreign currencies banknotes against LL, as well as operations from/to foreign currencies external accounts against LL. The Sayrafa corresponds to a floating system and the Sayrafa average rate and volume of foreign currency operations are published on the website of the Central Bank of Lebanon. Foreign currency operations were executed on the Sayrafa platform at the following exchange rates:

	Rate as at 31 December 2022	***Average rate for the year ended 31 December 2022***	*Rate as at 31 December 2021*	*Average rate for the period from 10 May to 31 December 2021*
	LL	***LL***	*LL*	*LL*
US Dollar	**38,000**	**26,127**	22,700	16,266

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

- On 8 June 2021, the Central Bank of Lebanon issued Basic Circular 158 defining the mechanism for the gradual settlement of foreign currency deposits up to an amount equivalent to US$ 50,000. To benefit from the provisions of the said circular, certain eligibility criteria must be met. Customers' monthly entitlements are (i) an amount of US$ 400 in cash or equivalent (transfer abroad, credited to a payment card with international usage, etc.) and (ii) an amount in LL equivalent to US$ 400 and converted at a rate US$/LL 12,000, noting that 50% of the amount will be paid in cash and 50% will be credited to a payment card.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting policies (continued)

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

The Company used the following estimated rates as communicated by the Holcim Group Management:

	Rate as at 31 December 2022	***Average rate for the year ended 31 December 2022***	*Rate as at 31 December 2021*	*Average rate for the year ended 31 December 2021*
	LL	***LL***	*LL*	*LL*
US Dollar	**42,800**	**29,674**	27,500	14,500
Euro	**45,700**	**32,100**	33,950	18,430

In addition to the above, balances and transactions in US dollars and other foreign currencies subject to de-facto capital controls, are translated at the published official exchange rate of 1 US$ / LL 1,507.5 unless a different rate is specified in the terms of the agreement stipulating the transaction. Subsequently the published official exchange rate was increased to 1 US$ / LL 15,000 during February 2023.

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

2.6 Significant accounting judgments, estimates and assumptions

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Significant accounting judgments, estimates and assumptions (continued)

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

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

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

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual defaults in the future. It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in the income statement.

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

Provision for employees' end of service benefits
The cost of defined end of service benefits as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in note 14.

3 SALES

	2022	*2021*
	LL (000)	*LL (000)*
White cement	**151,654,551**	42,199,029
Discounts	**(16,008)**	(248)
	151,638,543	42,198,781

There was a concentration of sales in respect to the ten major customers who account for 67 % (2021: ten major customers for 41%) of total sales for the year.

4 EXPENSES BY NATURE

	2022			
	Cost of sales LL (000)	***Distributions expenses LL (000)***	***General and administrative expenses LL (000)***	***Total LL (000)***
Combustibles	**62,643,775**	**-**	**-**	**62,643,775**
Raw materials	**53,001,665**	**-**	**-**	**53,001,665**
Salaries and related charges	**14,726,083**	**1,545,963**	**805,068**	**17,077,114**
Spare parts, consumables and maintenance expense	**4,394,964**	**1,700,541**	**-**	**6,095,505**
Energy consumption	**2,408,540**	**29,215**	**-**	**2,437,755**
Technical assistance (note 7)	**-**	**-**	**6,065,542**	**6,065,542**
Depreciation charge (note 6)	**1,303,792**	**6,098**	**-**	**1,309,890**
Packing materials	**-**	**4,163,364**	**-**	**4,163,364**
Contractual employees	**1,150,294**	**154,645**	**-**	**1,304,939**
Other third party services	**3,051,906**	**186,008**	**23,600**	**3,261,514**
Other taxes	**873,437**	**-**	**-**	**873,437**
Changes in inventories of finished goods and work in progress	**(37,981,959)**	**-**	**-**	**(37,981,959)**
Other expenses - net	**3,636,560**	**-**	**363,127**	**3,999,687**
	109,209,057	**7,785,834**	**7,257,337**	**124,252,228**

	2021			
	Cost of sales LL (000)	*Distributions expenses LL (000)*	*General and administrative expenses LL (000)*	*Total LL (000)*
Combustibles	12,974,223	-	-	12,974,223
Raw materials	4,397,693	-	-	4,397,693
Salaries and related charges	3,894,509	416,319	371,757	4,682,585
Spare parts, consumables and maintenance expense	2,335,455	444,702	-	2,780,157
Energy consumption	605,231	2,199	-	607,430
Technical assistance (note 7)	-	-	1,687,951	1,687,951
Depreciation charge (note 6)	851,622	6,099	-	857,721
Packing materials	-	2,056,746	-	2,056,746
Contractual employees	459,380	166,903	-	626,283
Other third party services	187,495	44,811	-	232,306
Other taxes	292,202	-	-	292,202
Changes in inventories of finished goods and work in progress	(5,772,421)	-	-	(5,772,421)
Other expenses – net	1,942,544	9,396	514,864	2,466,804
	22,167,933	3,147,175	2,574,572	27,889,680

4 EXPENSES BY NATURE (continued)

Salaries and related charges consist of the following:

	2022 LL (000)	2021 LL (000)
Salaries	10,503,522	2,940,764
Costs recharged from a related party (note 7)	5,224,241	1,099,808
Transportation	339,789	54,960
National social security contributions	455,214	449,727
Other benefits	554,348	137,326
	17,077,114	4,682,585

5 INCOME TAX EXPENSE

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

	2022 LL (000)	2021 LL (000)
Accounting profit before tax	38,965,211	14,222,339
Income tax expense at statutory rate of 17%	6,624,086	2,417,798
Effect of expense not deductible for tax purpose:		
Provision for obsolete inventory	-	69,370
Taxes	6,675	17,037
Other expenses	7,503	3,773
Tax effect of revenue not taxable for tax purposes:		
Interest income from loan to a related party	(73,427)	(74,639)
Other income	-	(3,482)
Total current income tax	6,564,837	2,429,857
Income tax expense reported in the statement of comprehensive income	6,564,951	2,430,000
Surplus in income tax recognized	114	143

Movement in the current income tax liability is as follows:

	2022 LL (000)	2021 LL (000)
Balance at 1 January	2,497,918	739,254
Provision for the year	6,564,951	2,430,000
Payments during the year	(2,415,442)	(671,336)
Balance at 31 December	6,647,427	2,497,918

(b) The deferred tax liability of LL (000) 445,632 relates mainly to the capital gains tax applicable to the revaluation surplus (note 13).

6 PROPERTY AND EQUIPMENT

	Land LL (000)	*Buildings LL (000)*	*Installations and equipment LL (000)*	*Vehicles LL (000)*	*Furniture and fixtures LL (000)*	*Total LL (000)*
Cost:						
Balance at 1 January 2022	4,456,890	7,193,423	31,654,274	331,572	274,393	43,910,552
Additions	-	-	17,203,987	-	-	17,203,987
Balance at 31 December 2022	4,456,890	7,193,423	48,858,261	331,572	274,393	61,114,539
Depreciation						
Balance at 1 January 2022	-	(6,898,124)	(19,962,527)	(331,572)	(269,067)	(27,461,290)
Charge for the year	-	(32,013)	(1,275,674)	-	(2,203)	(1,309,890)
Balance at 31 December 2022	-	(6,930,137)	(21,238,201)	(331,572)	(271,270)	(28,771,180)
Net book value						
At 31 December 2022	**4,456,890**	**263,286**	**27,620,060**	-	**3,123**	**32,343,359**

	Land LL (000)	*Buildings LL (000)*	*Installations and equipment LL (000)*	*Vehicles LL (000)*	*Furniture and fixtures LL (000)*	*Total LL (000)*
Cost:						
Balance at 1 January 2021	4,456,890	7,193,423	24,127,589	331,572	274,393	36,383,867
Additions	-	-	7,526,685	-	-	7,526,685
Balance at 31 December 2021	4,456,890	7,193,423	31,654,274	331,572	274,393	43,910,552
Depreciation						
Balance – 1 January 2021	-	(6,866,111)	(19,139,021)	(331,572)	(266,865)	(26,603,569)
Charge for the year	-	(32,013)	(823,506)	-	(2,202)	(857,721)
Balance 31 December 2021	-	(6,898,124)	(19,962,527)	(331,572)	(269,067)	(27,461,290)
Net book value						
At 31 December 2021	4,456,890	295,299	11,691,747	-	5,326	16,449,262

7 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

	2022	*2021*
	Due to	*Due to*
	LL (000)	*LL (000)*
Current:		
Holcim Liban SAL – parent company	**68,019,518**	8,664,135
Societe Carrire de Jieh SAL - related party	**13,007**	13,007
	68,032,525	8,677,142

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

	2022	*2021*
	LL (000)	*LL (000)*
Loan to the parent company:		
Holcim Liban SAL	**12,060,000**	12,060,000
Accrued interest receivable (note 9)	**-**	3,899,196
	12,060,000	15,959,196

Transactions with related parties included in the statement of comprehensive income consist of transactions with the parent company and are as follows:

	2022	*2021*
	LL (000)	*LL (000)*
Purchase of goods	**28,566,767**	7,055,858
Purchase of services	**3,670,580**	2,786,488
Interest income on loan	**431,927**	439,051
Technical assistance (note 4)	**6,065,542**	1,687,951
Recharged costs from a related party (note 4)	**5,224,241**	1,099,808

The loan to the parent company amounting to LL (000) 12,060,000 (equivalent to US$ 8 million at official rate) matures on 31 December 2024. Interest on the loan shall be equal to the BRR (Beirut reference rate) from the month before minus 2% having an average during 2022 of 2.53% (2021: same). Accrued interest receivable was classified as current.

8 INVENTORIES

	2022 LL (000)	2021 LL (000)
Raw material and combustibles	**58,336,832**	7,760,230
Spare parts	**9,024,011**	3,092,492
Finished goods – white cement	**12,318,980**	3,265,923
Work in progress	**35,064,061**	6,135,159
	114,743,884	20,253,804
Less: provision for slow moving and obsolete inventory	**(1,108,770)**	(1,129,562)
	113,635,114	19,124,242

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

	2022 LL (000)	2021 LL (000)
Balance at 1 January	**1,129,562**	721,505
Provided during the year	-	408,057
Write-back during the year	**(20,792)**	-
Balance at 31 December	**1,108,770**	1,129,562

Provision for obsolete inventory is determined according to the Group policy defined as follows:

- 30% for inventory aging bracket between 365 and 729 days
- 50% for inventory aging bracket between 730 and 1,095 days
- 80% for inventory aging bracket more than 1,095 days

9 OTHER ASSETS

	2022 LL (000)	2021 LL (000)
Advances to suppliers	**9,682,788**	9,505,172
Accrued interest receivables from parent company (note 7)	-	3,899,196
Other receivables	**17,882**	16,600
	9,700,670	13,420,968

9 OTHER ASSETS (continued)

Other assets are segregated into the following currencies:

	2022 *LL (000)*	*2021* *LL (000)*
Lebanese Lira	**227,026**	6,144,172
Restricted US Dollar (local)	**-**	3,901,610
Unrestricted US Dollar (fresh)	**2,941,312**	209,994
Unrestricted Swiss Franc (fresh)	**-**	1,663,101
Restricted Euro (local)	**440**	145
Unrestricted Euro (fresh)	**6,531,892**	1,501,946
	9,700,670	13,420,968

10 ACCOUNTS RECEIVABLE

	2022 *LL (000)*	*2021* *LL (000)*
Trade receivables	**474,892**	290,040
Less: allowance for credit loss – credit impaired	**(107,493)**	(107,493)
	367,399	182,547

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

		2022	
	Balance LL (000)	***Number of clients***	***Percentage %***
Above LL 200 million	**350,440**	**1**	**74%**
Between LL 100 million and LL 200 million	**-**	**-**	**-**
Between LL 50 million and LL 100 million	**-**	**-**	**-**
Between LL 10 million and LL 50 million	**109,013**	**4**	**23%**
Below LL 10 million	**15,439**	**22**	**3%**
	474,892	**27**	**100%**

		2021	
	Balance LL (000)	*Number of clients*	*Percentage %*
Between LL 100 million and LL 200 million	103,008	1	36%
Between LL 50 million and LL 100 million	84,895	1	29%
Between LL 10 million and LL 50 million	87,161	4	30%
Below LL 10 million	14,976	12	5%
	290,040	18	100%

10 ACCOUNTS RECEIVABLE (continued)

The aging of trade receivables as at 31 December 2022 and 2021 is detailed as follows:

	2022 *LL (000)*	*2021* *LL (000)*
Not due	**350,440**	181,614
0 – 30 days	**31,827**	35,174
31 – 60 days	**107**	-
61 – 90 days	**1,114**	-
91 – 120 days	**28,242**	10,090
>120 days	**63,162**	63,162
	474,892	290,040

11 BANK BALANCES

	2022 *LL (000)*	*2021* *LL (000)*
Bank balances	**14,793,186**	6,057,611
	14,793,186	6,057,611

Bank balances are segregated as follows by currency:

	2022 *LL (000)*	*2021* *LL (000)*
Lebanese Lira	**13,402,336**	4,973,340
Unrestricted US Dollar (fresh)	**664,788**	544,542
Restricted US Dollar (local)	**725,404**	539,729
Unrestricted Euro (fresh)	**658**	-
	14,793,186	6,057,611

Restricted US Dollar (local) as at 31 December 2022, consist of balances with Lebanese banks that are subject to de- facto capital controls and restricted transfers outside Lebanon. However, these balances are available for disbursement within Lebanon.

12 CAPITAL

As at 31 December 2022 and 2021, the Company's capital amounting to LL (000) 13,500,000 consists of 9,000,000 shares with a par value of LL 1,500 each, authorized and fully paid.

13 RESERVES

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

Other reserve
Other reserve of LL (000) 4,456,324 represents the amount of the revaluation reserve net of tax of LL (000) 445,632 that arose on revaluation of property and equipment in 1997. The revaluation surplus is subject to capital gains tax. Accordingly, a deferred tax liability of LL (000) 445,632 is carried in respect of this temporary difference.

14 RETIREMENT BENEFIT OBLIGATIONS

The Company has a defined benefit plan covering substantially all of its employees. The plan requires contributions to be made to the National Social Security Fund. The entitlement to and level of these end of service benefits provided depends on the employees' length of service, the employees' salaries, contributions paid to the National Social Security Fund and other requirements outlined in the Lebanese Labor Law.

Movements in the provision for end service benefits recognized in the statement of financial position are as follows:

	2022 *LL (000)*	*2021* *LL (000)*
Balance at 1 January	**1,831,166**	675,087
Costs charged to the income statement:		
Current service cost	**2,177**	19,613
Interest expense	**51,249**	869
	53,426	20,482
Re-measurement gains in other comprehensive income:		
Changes in financial assumptions	**-**	(242)
Experience adjustments	**307,202**	1,258,190
	307,202	1,257,948
End of service benefits paid during the year	**(515,711)**	(122,351)
Balance at 31 December	**1,676,083**	1,831,166

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

	2022	*2021*
Discount rate	**5.6%**	5.6%
Expected rate of return on contribution	**5.0%**	5.0%
Salary growth rate	**4.0%**	4.0%
Mortality rate	**None**	None
Turnover rate	**1.0%**	None
Retirement age	**Earliest of 64 or completion of 35 years of contribution**	Earliest of 64 or completion of 35 years of contribution

15 ACCOUNTS PAYABLE

	2022 *LL (000)*	*2021* *LL (000)*
Trade payables	**27,946,872**	10,100,703
Due to related parties (note 8)	**68,032,525**	8,677,142
	95,979,397	18,777,845

Trade payables consist of current trade suppliers' balances, are non-interest bearing and segregated into the following currencies. Trade payables are mainly unrestricted by nature.

	2022 *LL (000)*	*2021* *LL (000)*
Lebanese Lira	**1,775,843**	229,160
US Dollar	**2,168,597**	2,452.893
Euro	**24,002,433**	5,995,871
Swiss Franc	**-**	1,422,779
	27,946,872	10,100,703

16 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022 *LL (000)*	*2021* *LL (000)*
Accrued rebates	**-**	70,068
Dividends payable	**168,770**	427,647
Value added tax payable	**150,206**	28,590
Advances from customers	**471,899**	132,836
Taxes withheld on salaries	**212,226**	80,099
Social security dues	**46,026**	17,179
Other accrued expenses	**2,605,069**	407,617
	3,654,196	1,164,036

17 COMMITMENTS AND CONTINGENCIES

The Company's books and records from the years 2016 to 2022 remain subject to review by the Department of Value Added Tax and Department of Income Tax. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the financial statements.

The Company's books have not been reviewed by the National Social Security Fund since inception of the Company. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the financial statements.

18 RISK MANAGEMENT

Interest rate risk
The Company's interest rate risk arises from the possibility that changes in market interest rates will affect the value of interest-earning assets and interest-bearing liabilities and related interest amounts. The Company has no significant liabilities subject to interest. The Company's major interest-bearing assets is the loan to the parent company that is subject to variable interest rate. A 1% change in interest rate would impact the Company's profitability by LL (000) 120,600 (2021: the same).

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which potentially subject the Company to credit risk consist mainly of cash at banks and trade receivables.

The Company's onshore liquid funds are placed with Lebanese banks and are subject to de-facto capital control imposed by banks. As a result of the current financial and economic crisis in Lebanon, credit rating agencies have downgraded the credit rating for Lebanon to default category with little recovery, which resulted in an increase in significant credit risk for the Company's exposure to Lebanese banks. The Company's offshore liquid funds with Lebanese banks are not subject to de-facto capital control and are places with reputable banks.

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

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

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021. Equity comprises of paid capital, retained earnings, share premium, and reserves and is measured at a surplus of LL (000) 74,451,768 as at 31 December 2022 (2021: LL (000) 42,358,710).

19 FAIR VALUES

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

Effects of exchange rates on fair value measurements
The fair values of assets and liabilities are first determined in their original currency, which is not always the Lebanese Lira. These are then translated to Lebanese Lira at the exchange rates as discussed in note 2.5. For the purpose of comparing the carrying amount of financial assets and liabilities, management considers values in original currencies.