LafargeHolcim Sterling Finance (Netherlands) B.V.

Amsterdam, the Netherlands

ANNUAL REPORT 2018

LafargeHolcim Sterling Finance (Netherlands) B.V.

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LafargeHolcim Sterling Finance (Netherlands) B.V.

Management report

The Management board herewith presents its annual report for the year ended 31 December 2018.

Company structure

The Company is a fully owned subsidiary of LafargeHolcim Ltd, Jona, St. Gallen, Switzerland (the “Ultimate Parent Company”).

Summary of activities

The principal object of LafargeHolcim Sterling Finance (Netherlands) B.V. (“the Company”) is to act as a finance company.

Activities, in the normal course of business, were as follows;

The Company received and paid the interest due during the year under review.

The net result for 2018 is GBP 441k (2017: GBP 313k). The result of the Company for the year 2018 has increased compared to the result for the year 2017 because the activity in 2017 only started in May whereas in 2018 the Company was active for the full year.

Summary of the financial activities

Debt-to-Equity ratio
Due to financing activity during the year under review the Company has a Debt-to-Equity ratio (total liabilities/total Capital and Reserves*100%) of 8,030.56% in 2018 (2017: 9,093.46 %).

Solvability
As per December 31 2018 the solvability of the Company is 1.25 % (2017: 1.09%) (Total Capital and Reserves/Total Long Term Liabilities plus Capital plus Total Short Term Liabilities *100%).

General and administrative expenses
The “General and administrative expenses” amounted to GBP 44k (2017: GBP 69k) and decreased by GBP 25k compared to 2017.

Financial income / (expenses)
Interest
As from mid-April 2017 the Company started its financing activity. The increase in Interest income and expenses during 2018 compared to 2017 is mainly due to the full year of 2018 during which the financial position were outstanding.

Cash flow
In 2018 the cash flow of the Investing activities is GBP 0 (2017: GBP 420 million) and the cash flow of the financing activities is GBP 0 (2017: GBP 417 million). The operational cash flow for 2018 amounts to GBP 4 million positive (2017: GBP 3 million positive).

Management report

Derivatives

Derivatives
The Company holds no derivatives during the year under review and at balance sheet date.

Risk

The Company is aware of the below mentioned risks and is willing to run these risks for business purposes. The mitigating action is described per risk if relevant.

Liquidity risk
The liquidity risk is low even though at year-end the Net Current Assets were GBP -1.4 million (2017: GBP 2.2 million). The negative position of the Net Current Assets is caused by a discrepancy between the attracted financing and the long term loan notes provided which is partly compensated by the timing difference in maturity of the interest payable/receivable and the payable for the guarantee. The interest on the bond is due annually in May for which the Company will need to attract group financing which will be almost fully repaid with the revenues earned in June of the same year. On a net basis the Company earns an estimate of GBP 600k annually and therefore builds up a cash balance sufficient to cover the deficit in approximately 3.6 years' time. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

Credit risk
The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2018 the risk was limited to 1% (2017: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

Interest rate risk
Interest rate risk normally arises from movements in market interest rates which could affect the Company's financial result and market values of its financial instruments. As at balance sheet date the Company's interest rate risk is limited because the interest of the issued bond is at a fixed rate, granted to an affiliated company at a fixed rate in the total amount of GBP 300 million. Bank balances in foreign currency are kept as low as possible.

Foreign currency risk
The Company manages its foreign currency risk continuously. The risk is limited to the bank account and various accruals of expenses of the Company in Euro's.

Subsequent events

No major events have taken place after the balance sheet date that will affect this financial statement.

Balanced Board of directors members

The Company does not have at least 30% of female board of directors as at balance sheet date. The reason for that being that most positions of the board of directors are already fulfilled to satisfaction by the current members who have assumed this role as from incorporation of the Company.

If and when a Board position becomes available the Company will seriously consider the 30% rule.

Internal Control

Management declares that they maintain effective internal controls over the financial reporting.

Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A continuous review is therefore of utmost importance.

Management report

Corporate governance statement

The Company has high standards of corporate governance, ensuring responsible and transparent company leadership and management that are geared to ensure full compliance and set the basis for a sustainable long term performance.

Corporate governance puts the focus not only on business risks and the company's reputation, but also on corporate social responsibility towards all our stakeholders. As a responsible business, we recognize the significance of effective corporate governance. We show respect for society and the environment, communicate in an open and transparent manner, and act in accordance with legal, corporate and ethical guidelines. To underline this, a Code of Conduct binding for the entire Group has been added to the mission statement.

Complementary information concerning the corporate governance of the Group can be found under this link: http://www.lafargeholcim.com/corporate-governance .

Shareholders meeting

The General Meeting of Shareholders (hereafter: The General Meeting) is held once a year to discuss the Annual report, including the report of the Board of Directors, the annual financial statements with explanatory notes, any proposal concerning dividends or other distributions and the (re)-appointments, suspense and dismissal of members of the Board of the Directors.

The shareholders are notified by letter or by use of electronics means of communication, at least 8 days prior the General Meeting.

All outstanding shares carry voting rights. The main powers of the General Meeting are to adopt the annual accounts, declare dividends and to discharge the Board of Directors from the responsibility for the performance of their respective duties for the previous financial year. Also the (re-)appointments, suspense and dismissal of members of the Board of Directors are the main powers of the General Meeting.

The Board of directors is required to provide the General Meeting with all requested information, unless this would be prejudicial to an overriding interest of the Company. If the Board of Directors invokes an overriding interest in the refusing to provide information, reasons must be given.

A resolution to dissolve the company or change its Articles of Association can be adopted at the General Meeting.

Audit committee

The Company is a so-called Public Interest Entity ("Organisatie van Openbaar Belang") which requires the establishment of an audit committee. The Company however makes use of an exemption regulation according to Article 41 (1) of Directive 2006/43/EC of the European Parliament and of the Council, whereby the Parent Company's audit committee fulfills the required tasks.

Management report

Independent auditors

As part of their auditing activity, the independent auditors inform the Board of Directors regularly about their findings and about proposals for improvement. The Company uses the audit committee as established at Group level. At Group level, the Audit Committee assesses the external auditors and monitors the results of the audit.

Deloitte was elected as independent auditor.

Future outlook

It is expected that the activities of the Company will remain unchanged. No Investment activity is expected. The Company has no employees, other than its directors and it is not planned to employ any personnel.

Research and Development

As the principal activity of the Company is to provide intercompany financing, it has no R&D activity.

The Management Board

M.L. Unternährer V.C. Hartman

G. van Estrik J. van Olffen

L.E.L. Jaques

Amsterdam, 28 February 2019

LafargeHolcim Sterling Finance (Netherlands) B.V.

Balance Sheet
(after appropriation of results and expressed in British Pounds)

	Notes	31 December 2018	31 December 2017
FIXED ASSETS			
Loans to affiliated companies	3	300'000'000	300'000'000
CURRENT ASSETS	4		
Receivable from affiliated companies		98'111	3'413'028
Cash at bank	5	4'408'365	341'035
		4'506'476	3'754'063
CURRENT LIABILITIES	6		
Liabilities to affiliated companies		44'954	43'247
Tax liability	7	44'215	111'000
Other accounts payable and accrued expenses		5'792'773	5'795'863
		5'881'942	5'950'110
NET CURRENT ASSETS/(LIABILITIES)		-1'375'466	-2'196'047
TOTAL ASSETS LESS CURRENT LIABILITIES		***298'624'534***	***297'803'953***
LONG-TERM LIABILITIES			
Loans facility from affiliated companies	8	0	0
Loans from third parties	9	294'879'323	294'499'931
CAPITAL AND RESERVES	10		
Share capital		1'000	1'000
Share premium		3'000'000	3'000'000
Other reserves		744'211	303'022
		3'745'211	3'304'022
TOTAL LONG-TERM LIABILITIES PLUS CAPITAL		***298'624'534***	***297'803'953***

LafargeHolcim Sterling Finance (Netherlands) B.V.

Profit and Loss Account
(expressed in British Pounds)

		Year ended 31 December 2018	Year ended 31 December 2017
FINANCIAL INCOME/(EXPENSES)			
Interest income - Group		17'905'278	14'881'667
Interest expenses- Group		-7'911'400	-8'374'777
Interest expenses - Third parties		-9'000'000	-5'769'868
Other interest and similar expenses - Third parties		-380'211	-242'527
Foreign exchange difference		2'059	-1'210
		615'726	493'285
EXPENSES			
General and administrative expenses		44'028	69'083
		44'028	69'083
RESULT BEFORE TAXATION		571'698	424'202
Taxation	7	-130'509	-111'000
RESULT AFTER TAXATION		**441'189**	**313'202**

LafargeHolcim Sterling Finance (Netherlands) B.V.

Cash flow statement
(expressed in British Pounds)

		2018	2017
General and administrative expenses		-44'028	-69'082
Movement in working capital		3'311'827	-3'299'096
Cash flow form operations		3'267'799	-3'368'178
Financial income received		17'905'278	14'783'556
Financial expenses paid		-16'910'512	-8'332'131
Corporate income tax paid		-197'294	0
		797'472	6'451'425
Cash flow from operating activities		4'065'271	3'083'247
De(In)crease short term receivables	*1	0	0
De(In)crease long term receivables		0	-420'000'000
Cash flow from investing activities		0	-420'000'000
Equity capital paid in		0	3'000'000
Increase short term financial liabilities		0	131'250'000
Decrease short term financial liabilities	*2	0	-11'250'000
Increase long term financial liabilities		6'050'000	294'258'000
Decrease long term financial liabilities		-6'050'000	0
Cash flow from financing activities		0	417'258'000
Net Cash flow		**4'065'271**	**341'247**
Exchange and translations gains and losses on cash and cash equivalents		2'059	-1'212
Increase in cash and cash equivalents		**4'067'330**	**340'035**
Cash and cash equivalents at the beginning of the year		341'035	1'000
Cash and cash equivalents at the end of the year		**4'408'365**	**341'035**

The following non-cash effective movements during the year 2017 can be summarized as follows:

		2017
non-cash movements on operating activities		
Netting on long term loan note receivable on LafargeHolcim Albion	*1	120'000'000
non-cash movements on financing activities		
Netting on loan payable LafargeHolcim Albion	*2	-120'000'000

LafargeHolcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2018

1. General

LafargeHolcim Sterling Finance (Netherlands) B.V. ("the Company") has been incorporated with limited liability on 14 March 2016 in Amsterdam, The Netherlands. The address of the Company is De Lairessestraat 131-135, 1075 HJ, Amsterdam, the Netherlands. The Company's Chamber of Commerce registration number is 65563921. The main activity of the Company is to act as finance company in British pounds for the LafargeHolcim group. The financial statements have been prepared by management of the Company and are approved on 28th February 2019.

2. Summary of principal accounting policies

General
The accompanying accounts have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code/Dutch GAAP. The Company considers the GBP as its functional currency since a significant part of the Company's transactions are denominated in GBP.

Group structure
The Company is a fully owned subsidiary of LafargeHolcim Ltd, Jona, St. Gallen, Switzerland (the "Ultimate Parent Company"). The financial statements of the Parent Company consolidate the results of the Company in a manner, which is equivalent to the requirements of the 7th EC Company Law Directive. A copy of the accounts of the Parent Company will be filed with the Chamber of Commerce separately in Amsterdam, the Netherlands or can be acquired at the Swiss stock exchange.

Entities that belong to the LafargeHolcim group are referred to as "affiliated companies".

Financial Assets and Liabilities

Financial Fixed Assets and Long term liabilities
Financial fixed assets and Long Term Liabilities are recognised initially at fair value, subsequently at amortised cost.

2. Summary of principal accounting policies (continued)

Current assets
Financial assets are recognised initially at fair value plus, with the exception of financial assets recognised at fair value with value adjustments being taken to the profit and loss account, directly attributable transaction costs. All purchases and sales of financial assets based on normal market conventions are recognised on the transaction date, i.e. the date the Group enters into a binding agreement. Loans granted and other receivables are primary financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these loans and receivables are carried at amortised cost based on the effective interest method, less impairments. Gains and losses are taken to the profit and loss account when the investments are transferred to a third party or impaired, as well as through the amortisation process.

Current liabilities
When financial liabilities are recognised initially, they are measured at fair value, plus, in the case of financial liabilities not classified at fair value through profit or loss, directly attributable transaction costs. After initial measurement, other financial liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process. The same treatment is applied to loans from affiliated companies.

Foreign currencies
All monetary assets and liabilities expressed in currencies other than GBP have been translated at the rates of exchange prevailing at the balance sheet date, unless indicated otherwise. Foreign currency transactions have been converted into GBP at the approximate rate of exchange prevailing at the date of transaction. Exchange differences, arising in the accounts, are recognised in the profit and loss account.

Other assets and liabilities
After initial measurement, other assets and/or liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the assets and/or liabilities are derecognised, as well as through the amortisation process.

Interest income and interest expenses
Interest income is recognised on accrual basis in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received. Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

2. Summary of principal accounting policies (continued)

Recognition of other income and expenses
Other income is taken into account in the period to which it is related. Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Income tax
Tax assets and liabilities are netted off if the general conditions for netting off are met. Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses.

Cash flow statement
The cash flow statement has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash at bank and in hand.

Cash flows in foreign currencies are translated at estimated average rates. Cash exchange differences are presented separately in the statement of cash flows.

Interest received and paid, profits tax are included under cash flows from operating activities.

Transactions for which no cash or cash equivalents are exchanged are not included in the cash flow statement.

Risks

Liquidity risk
The liquidity risk is low even though at year-end the Net Current Assets were GBP -1.4 million (2017: GBP 2.2 million). The negative position of the Net Current Assets is caused by a discrepancy between the attracted financing and the long term loan notes provided which is partly compensated by the timing difference in maturity of the interest payable/receivable and the payable for the guarantee. The interest on the bond is due annually in May for which the Company will need to attract group financing which will be almost fully repaid with the revenues earned in June of the same year. On a net basis the Company earns an estimate of GBP 600k annually and therefore builds up a cash balance sufficient to cover the deficit in approximately 3.6 years' time. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

2. Summary of principal accounting policies (continued)

Credit risk
The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2018 the risk was limited to 1% (2017: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

Interest rate risk
Interest rate risk normally arises from movements in market interest rates which could affect the Company’s financial result and market values of its financial instruments. As at balance sheet date the Company’s interest rate risk is limited because the interest of the issued bond is at a fixed rate, granted to an affiliated company at a fixed rate in the total amount of GBP 300 million. Bank balances in foreign currency are kept as low as possible.

Foreign currency risk
The Company manages its foreign currency risk continuously. The risk is limited to the bank account and various accruals of expenses of the Company in Euro’s.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted (unadjusted) market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method. For example, the fair value of interest rates is determined by discounting estimated future cash flows.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2018 there were no financial assets and liabilities allocated to level 3.

3. Loans to affiliated companies

The Company has a GBP 200 million long term loan note and a GBP 100 million long term loan note with Holcim Participations (UK) Ltd. There were no movements in 2018. The long term loan note of GBP 200 million has a maturity date of March 2021 and the long term loan note of GBP 100 million has a maturity date of December 2027.

The fair values of loans to affiliated companies as per 31.12.2018 amount to GBP 329’819’772 (2017: 352’136’731) are classified as level 2.

The movements on loans to affiliated companies can be summarized as follows:

	2018	2017
Balance at the beginning of the year	300'000'000	0
Reassignment loans to the company	0	420'000'000
Reassignment loans from the company	0	-120'000'000
Balance at the end of the year	300'000'000	300'000'000

4. Current assets

The items as presented under current assets are all collectable within one year.

5. Cash at bank

The Cash at bank consists of bank balances available on demand.

6. Current liabilities

Liabilities with a remaining period up to one year are presented under short-term liabilities. All liabilities are stated against fair value. An overview of the liabilities against affiliated parties is shown in note 12.

7. Corporate income tax

The company is taxed on the basis of its income and expenses. During the year 2018 a liability for a payable corporation tax was recognized of GBP 143’000 (2017: GBP 111’000). During the year the company made a prepayment of tax year 2018 for an amount of GBP 97’515. During 2018 there has been provisional tax assessment for the tax year 2017 of an amount of GBP 98’343, which resulted in an additional tax relief of GBP 12’657 for income taxation – previous years. The effective tax rate for the year 2018 is 22.8% (2017: 26.2%). The nominal tax rate for the year 2018 is 25% (2017: 25%).

8. Loans facility from affiliated parties

The company has a facility agreement with LafargeHolcim Albion Finance Ltd. since May 2018. The facility has an amount of GBP 15 million. The company has used an amount of GBP 6.05 million in May of this facility and has repaid it during the year.

The facility is in place till May 2021 and the interest is fixed at 1.75% of the used amount of the facility.

The repayments of the facility are at the option of the borrower and the loans cannot immediately be reclaimed by the lender because no event of default has taken place.

The facility is ranked pari passu with all other present or future obligations, and the Company may not to pledge any positions, unless in any such case at the same time the obligations under the facility are secured equally and ratably by the same security as is created and outstanding.

The movements on loans from affiliated parties can be summarized as follows:

	2018
Balance at the beginning of the year	0
Additional loan	6'050'000
Early repayment of loan	-6'050'000
Balance at the end of the year	0

9. Loans from third parties

Under the 10 billion Euro Medium Term Note Program, as entered into in 2016 by the Company and a few affiliated companies, the Company has issued Notes for a nominal value of GBP 300 million, which are quoted at the Luxembourg Stock Exchange. The actual amount, which is received, is GBP 294.3 million taking into account a discount and issuing costs. The amortization of costs during the year of review was GBP 0.3 million and is presented as other interest and similar expenses. The Notes have a term of 15 years and ends at May 2032 and for this period the interest is fixed at 3.00%. LafargeHolcim Ltd. acts as the guarantor of the Note program. There are no other securities.

The fair values of loans from third parties amount to GBP 268’947’000 (2017: GBP 298’821’000) are classified as level 1.

9. Loans from third parties (continued)

The movements on loans from third parties can be summarized as follows:

	2018	2017
Balance at the beginning of the year	294'499'931	0
Additional loans	0	294'258'000
Amortization of costs	379'392	241'931
Balance at the end of the year	294'879'323	294'499'931

Limited recourse
The Company has entered into a limited recourse agreement with LafargeHolcim Ltd. This agreement limits the Company's risk of LafargeHolcim Ltd's rights of recourse to 1% of the outstanding bonds. The annual fee charged covers the limited recourse as well as the Guarantee that LafargeHolcim Ltd has committed itself to towards the bond holders and amounts in 2018 to 2.5948% on the outstanding bond. The fee is presented as interest expense.

10. Capital and reserves

The Company's authorized share capital consists of 100 shares of GBP 10 each. As at balance sheet date 100 shares were issued and fully paid-up.

The Company's share premium is GBP 3 million, there were no movements in 2018.

As subject to the provisions under Dutch law, that no dividends can be distributed until all losses have been recovered, retained earnings are at the disposal of the Annual General Meeting in accordance with Article 22 of the Articles of Association of the Company.

The management board proposes that the result generated during the year under review will be added to other reserves as reflected in the balance sheet.

The movements in the capital and reserves can be specified as follows:

	2018	2017
Share capital		
Balance at the beginning and end of the year	1'000	1'000
Share premium		
Balance at the beginning of the year	3'000'000	0
Share premium increase	0	4'300'000
Share premium decrease	0	-1'300'000
Balance at the end of the year	3'000'000	3'000'000
Other reserves		
Balance at the beginning of the year	303'022	-10'181
Profit/(loss) for the year	441'189	313'203
Balance at the end of the year	744'211	303'022
Total capital and reserves	3'745'211	3'304'022

11. Directors

During the year under review the Company has five (2017: four) managing directors. The total remuneration for the year under review amounted to EUR 6’050 (GBP 5’337) (2017: EUR 6’050 (GBP 5’311). The Company has no supervisory directors.

12. Related parties

The 2018 accounts include the following related party transactions:

	2018	2017
Balance sheet		
Short term liability to Lafarge Holcim Albion Finance Ltd	0	3'314'917
Interest receivable on Holcim Participation (UK) Ltd.	98'111	98'111
Long term loan (notes) to Holcim Participation (UK) Ltd.	300'000'000	300'000'000
Accrual to LafargeHolcim Ltd.	44'954	43'247
Profit and loss account		
Interest income from Holcim Participation (UK) Ltd.	17'905'278	14'881'667
Interest expenses to LafargeHolcim Albion Finance Ltd.	18'883	3'314'917
Financial expenses to LafargeHolcim Ltd.	7'892'517	5'059'860

The transactions as shown above are at arm’s length, with exemption of the reassignment of the loan notes on Holcim Participation (UK) Ltd. in 2017. These loans notes are received against the nominal value.

See also note 11 for the payments to the directors of the company.

The Company has outsourced the accounting to affiliated companies. The Company does not have to pay for this service because of the size of the Company.

13. Auditors fees

The agreed fee for auditing services and other services rendered by the auditor’s firm Deloitte Accountants B.V. including VAT are as follows in EUR:

	2018	2017
Audit of financial statements	28'980	29'161
Other assurance services	0	0
Other services (consent letter)	3'025	0
	32'005	29'161

14. Number of employees

The Company has no employees, other than its directors, and hence incurred no wages, salaries and social security charges during the year under review or the previous year.

15. Events after the balance sheet date

No significant events, that impact the financial statements as at 31 December 2018, occurred between the balance sheet date and the date of signing these financial statements 28th of February 2019.

16. Other disclosures

The Company has together with several other affiliated companies two credit facility agreements with third parties for the amounts of CHF 250 million and EUR 200 million.

At the moment the Company makes a draw down on these credit facilities it is obliged to take in to consideration that:

- The facilities are ranked pari passu with all other present and futures unsecured and unsubordinated obligations.
- Not to pledge any positions, unless in any such case at the same time the obligations under the facility are secured equally and ratably by the same security as is created and outstanding.

During the year 2018 the Company did not make a draw down on these credit facilities.

The Management Board

M.L. Unternährer	V.C. Hartman
G. van Estrik	J. van Olffen
L.E.L. Jaques	

Amsterdam, 28 February 2019

Other information

Audit

The independent auditors' report is shown on the next pages.

Appropriation of result according to Articles of Association

Subject to the provisions under Dutch law, that no dividends can be distributed until all losses have been recovered, retained earnings are at the disposal of the Annual General Meeting in accordance with Article 22 of the Articles of Association of the Company. It will be proposed to the general meeting that the profit will be added to the reserves.

Deloitte.

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Independent auditor's report

To the shareholders of LafargeHolcim Sterling Finance (Netherlands) B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2018 of LafargeHolcim Sterling Finance (Netherlands) B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of LafargeHolcim Sterling Finance (Netherlands) B.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2018.

2. The profit and loss account for 2018.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of LafargeHolcim Sterling Finance (Netherlands) B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at GBP 3,000,000. The materiality is based on 1% of the total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of GBP 150,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Key audit matter is the risk associated with the possible impairment of the receivables on the affiliated company, which are measured against amortized cost. Reference is made to note 3 and 4 of the financial statements of LafargeHolcim Sterling Finance (Netherlands) B.V. as per 31 December 2018.

Response

We obtained the most recent financial information of the affiliated company and evaluated valuation of the receivables.

Based on the procedures performed, as described above, we observed that the valuation of these receivables is appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Management Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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Management is responsible for the preparation of the other information, including the Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by management as auditor of LafargeHolcim Sterling Finance (Netherlands) B.V. on 20 November 2018, as of the audit for the year 2018 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence equirements.

Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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.

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

- Concluding 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.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee (on ultimate parent level) in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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, not communicating the matter is in the public interest.

Amsterdam, 28 February 2019

Deloitte Accountants B.V.

Signed on the original: J. Penon

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