

# Holcim (Maroc) S.A.



## PROSPECTUS SUMMARY

### **CAPITAL INCREASE BY HOLCIM (MAROC) S.A. FOR HOLCIM AOZ S.A. MERGER-ABSORPTION**

**Proposition to Extraordinary General Meetings scheduled for  
20 December 2013 for Holcim AOZ and 23 December 2013 for Holcim (Maroc)**

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<b>Number of shares to be issued:</b>	<b>736 260 new Holcim (Maroc) shares</b>
<b>Price per share:</b>	<b>MAD 1,719</b>
<b>Exchange ratio:</b>	<b>10,000 Holcim AOZ shares for 16,445 Holcim (Maroc) shares</b>
<b>Overall amount of operation:</b>	<b>MAD 1,657,536,377</b>
<b>Date of share exchange</b>	<b>: 27 December 2013</b>

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### **SUBSCRIPTION RESTRICTED TO HOLCIM AOZ S.A. SHAREHOLDERS**

**Financial advisor and overall  
coordinator**

**Clearing house and institution  
responsible for registering  
the operation on the  
Casablanca Stock Exchange**

**The Transaction body**



**CFG Group**



**CFG Group  
CFG Marchés**



**التجاري وفا بنك  
Attijariwafa bank**

#### **APPROVAL OF THE *CONSEIL DÉONTOLOGIQUE DES VALEURS MOBILIÈRES (CDVM)***

In compliance with the provisions of the CDVM (Moroccan Stock Exchange securities board) circular adopted pursuant to article 14 of the *Dahir* promulgating Law 1-93-212 of 21 September 1993 on the CDVM and the information required of legal persons making public offerings, as amended and supplemented, the original of this prospectus was approved by the CDVM on December 16, 2013 under reference no. VI/EM/035/2013.

## Warning

*On December 16, 2013, the Conseil Déontologique des Valeurs Mobilière (CDVM) certified a prospectus for a capital increase by Holcim (Maroc) S.A. for the merger-absorption of Holcim AOZ S.A.*

*The prospectus approved by CDVM is available at any time at the headquarters of Holcim (Maroc) on Avenue Annakhil, B.P. 2299, Hay Ryad, Rabat, and at the headquarters of Holcim AOZ at the same address, and also at the offices of the financial advisor.*

*The prospectus is available to the public at the headquarters of the Casablanca Stock Exchange and on its website ([www.casablanca-bourse.com](http://www.casablanca-bourse.com)). It is also available on the CDVM website ([www.cdvm.gov.ma](http://www.cdvm.gov.ma)).*

## Part 1. Description of the Operation

## I. Outline of the merger-absorption operation

### I.1. Context and legal framework

Holcim (Maroc) and Holcim AOZ are two Moroccan enterprises specializing in the production of cement (cement works and ancillary activities).

The Asment Ouled Ziane (AOZ) company was originally created by the Laraqui family to develop a cement plant in the Settat region. On 31 March 2005, an agreement between Holcim (Maroc) and the shareholders of AOZ established a partnership for the establishment of the said cement works, with the plant to be built and financed by Holcim (Maroc) and operated by AOZ under a leasing contract with Holcim (Maroc). Holcim (Maroc) then acquired 51% of AOZ's share capital from the Laraqui family, with AOZ subsequently taking the name of Holcim AOZ and its operational management being transferred to the management of Holcim (Maroc). The agreement includes the buy-back of the Settat plant by Holcim AOZ no later than 31 December 2012 and at the earliest 4 years after the sale of the first ton of cement.

The agreement of 31 March 2005 binding the shareholders of Holcim AOZ also provides for the exercise, between 31 March 2015 and 31 March 2016, of options for the conversion of Holcim AOZ shares into Holcim (Maroc) shares, leading to the merger of the 2 companies. These options may be exercised by both the Laraqui family and by Holcim (Maroc).

In 2012, discussions were held between the management of Holcim (Maroc) and the Laraqui family to look into a merger of the 2 companies before the due date, initially set for 31 March 2015. In that context the parties agreed to postpone the sale of the Settat plant to Holcim AOZ initially planned for 31 December 2012.

On 6 June 2013, an amendment to the initial shareholders' agreement was signed by the parties confirming the principle of an early merger and establishing the process for determining the merger ratio (cf. Part [5] 3 "*Description of Holcim AOZ*" paragraph II.2.4. "*Shareholders' Agreement*").

The Boards of Holcim (Maroc) and Holcim AOZ, meeting on 21 October 2013, drew up the terms and conditions of the project for merging the two companies, the terms of the reports they will present to their respective extraordinary general meetings, and the texts of the draft resolutions to be submitted to the companies' supervisory boards with a view to their approval by the extraordinary general meetings.

On 21 October 2013, the executive boards of Holcim (Maroc) and Holcim AOZ, having examined the draft agreement for the merger-absorption of Holcim AOZ by Holcim (Maroc), the report by the Executive Board and the draft resolutions to be submitted to the extraordinary general meetings, unanimously approved the merger project.

Upon completion of this process, the Boards of Holcim (Maroc) and Holcim AOZ requested their respective chairmen:

- To finalize the operation, sign the draft merger agreement and the merger agreement, and the Executive Board's report to the Extraordinary General Meeting, after making any amendments of a non-essential nature that they deemed useful;
- To carry out, before and after the merger, all the formalities, requisitions, document certifications and declarations needed for the flawless regularization of the operation.

They also decided to submit to the Supervisory Board a proposal to call an Extraordinary General Meeting of the shareholders no later than 31 December 2013, at company headquarters, to consider the merger agreement.

The statutory auditors issued their report on the merger project pursuant to article 233 of Law 17-95 on limited-liability companies (*sociétés anonymes*), as amended and as supplemented by Law 20-05. In the auditors' reports on Holcim (Maroc) and Holcim AOZ of 4 November 2013, the auditors found that they had "no observations to be made on the suitability of the values attributed to Holcim (Maroc) and Holcim AOZ shares, or on the equitable nature of the exchange, and the amount of the net assets contributed by the absorbed company Holcim AOZ is at least equal to the amount of the capital increase of the absorbing Holcim (Maroc) company".

This merger project is subject to approval by the at the extraordinary general meetings to be held for that purpose on 20 December 2013 for Holcim AOZ and on 23 December 2013 for Holcim (Maroc).

It should be noted that Holcim (Maroc) and Holcim AOZ make available at their respective headquarters at least thirty days before the date of the shareholders' extraordinary general meetings held to decide on the merger, documents related to the merger and also documents required by article 234 of Law 17-95 as amended and supplemented:

- Merger project;
- Reports by the executive boards of the two companies on the merger operation;
- The auditors' reports required under article 233 of the Limited Companies Act;
- Both companies' approved summary statements and management reports for the past three fiscal years;
- The accounting statements for both companies as of 30 September 2013 drawn up using the same methods and formats as the latest annual balance sheets, as covered by paragraph 4 of article 234 of the aforementioned Act.

All shareholders can obtain, upon request and free of charge, complete or partial copies of the aforementioned documents of each of the two companies.

## 1.2. Operation objectives

Holcim (Maroc), which operates in the cement sector, wishes to combine all its cement activities within Holcim (Maroc) S.A. with a view to simplifying its legal structures and its organizational structure by area of activity.

Accordingly, along these lines it will be necessary to group the cement subsidiaries together within Holcim (Maroc) S.A. through the merger-absorption of the Holcim AOZ subsidiary, which was initially created to establish and operate a cement works in the Settat region.

Apart from the simplicity this organization by activity represents, it allows for the more efficient operational control of activities and for improved financial reporting.

Given the capital and management links between the two companies and the complementary nature of their activities, it appeared necessary to create group synergy and optimize human, financial and technical resources, and give fresh impetus to a strengthened commercial system.

The legal links between the two companies;, the complementary nature of their offerings in the same strategic positioning;, and the undertaking by Holcim (Maroc) and the Laraqui family at the end of the shareholders' agreement of 31 March 2005 and the 6 June 2013 amendment thereto to exercise the mutual option of conversion of all shares in Holcim AOZ into Holcim Maroc shares are all reasons for the said companies to decide on the principle of a merger through absorption of AOZ by Holcim (Maroc).

### I.3. Content of merger agreement

The principal general provisions of the merger project are as follows:

- Holcim AOZ transmits to Holcim (Maroc), under the normal *de facto* and *de jure* guarantees and the conditions set forth hereafter, all the items, both assets and liabilities, and all rights and securities, without exception or reservations, that make up its property at the date of merger;
- To establish the conditions for the merger, Holcim (Maroc) and Holcim AOZ decided to use the accounts closed on 31 December 2012;
- The assets and liabilities constituting the property of Holcim AOZ were handed over to Holcim (Maroc) at their net book value, with the exception of Holcim AOZ's goodwill and land holdings, which re-assessed;
- The merger will come into force retroactively on 1 January 2013. Accordingly, transactions carried out by Holcim AOZ from 1 January 2013 and thereafter up to the actual date of the merger, will automatically be deemed to have been carried out on behalf of Holcim (Maroc), which will be exclusively responsible for the results, both assets and liabilities, of utilizing the goods transferred to it;
- Holcim AOZ will transmit to Holcim (Maroc) all the items constituting its property in the condition it is in on the date of the merger. Because of this universal transmission of its property, Holcim AOZ will automatically be wound up by reason of the final completion of the merger;
- The companies decided to place this merger-absorption under the transitional fiscal regime for merger operations provided for in article 247-XV of the General Tax Code.
- The merger is subjected to the following conditions precedent:
  - ✓ Approval of the merger by the Holcim (Maroc) Extraordinary General Meeting;
  - ✓ Approval of the merger by the Holcim AOZ Extraordinary General Meeting.If these conditions are not met by 31 December 2013 at the latest, the merger agreement will be replaced by a new agreement taking into consideration the accounts as of 31 December 2013.

### I.4. Determination of the valuation of both companies and the exchange ratio

The value of Holcim (Maroc) has been estimated at MAD 7,237,000,000 and Holcim AOZ at MAD 1,884,635,417 MAD, i.e., a value of MAD 1,719.00 per share for Holcim (Maroc) and MAD 2,826.95 MAD per share for Holcim AOZ.

On the basis of these values, the rounded-off exchange parity proposed to the shareholders of Holcim (Maroc) and Holcim AOZ is set at 10,000 shares in Holcim AOZ against 16,445 shares in Holcim (Maroc).

The registered capital of Holcim AOZ being 666,667 shares and by application of the exchange ratio, 1,096,355 new shares (in round figures) of par value MAD 100 each, fully paid up, should in principle be created by Holcim (Maroc) as a capital increase of MAD 109,635,500. However, Holcim (Maroc) holds 218,965 Holcim AOZ shares (taking account of the shares linked to consumer loans<sup>1</sup> to be paid back further to the merger) giving it rights (in round figures) to 360,095 of its own shares. Holcim (Maroc), as it cannot hold its own shares, expressly renounces this contribution.

Accordingly, Holcim (Maroc) will increase its capital by only MAD 73,626,000 by creating (in round figures) 736,260 shares at par value MAD 100 each, fully paid up, that will be ascribed to the Holcim AOZ shareholders other than Holcim (Maroc) using the exchange ratio above. Holcim (Maroc)'s share capital will as a result be increased from MAD 421,000,000 to MAD 494,626,000.

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<sup>1</sup> To occupy the position of member of the Holcim (Maroc) Supervisory Board, one must first be a shareholder and hold at least one share in the said company, in accordance with the statutory provisions. In practice, the members of the Supervisory Board hold shares in conjunction with consumer loans lent by Holcibel for the duration of their respective terms.

Holcim AOZ will contribute all its existing assets and liabilities as of 31 December 2012 to Holcim (Maroc). The following list of those assets is not exhaustive, and they are shown as they will exist on the date of the merger.

Assets contributed (MAD)	Net book value	Contribution value
Fixed assets written off	2 672 989.00	2 672 989.00
Intangible fixed assets	2 983 903.48	842 396 848.02
Tangible fixed assets	60 275 502.93	64 509 703.93
Financial fixed assets	6 562 034.55	6 562 034.55
Inventories	95 601 407.11	95 601 407.11
Current assets receivable	274 593 817.85	274 593 817.85
Investment shares and other securities	1 458 838 073.65	1 458 838 073.65
Cash position – Assets	15 025 002.85	15 025 002.85
<b>Total</b>	<b>1 916 552 731.42</b>	<b>2 760 199 876.96</b>

Source: Holcim (Maroc)

Current liabilities (MAD)	Net book value	Contribution value
Current liabilities - payables	249 248 215.94	249 248 215.94
Provisions	23 130 467.90	23 130 467.90
Cash position – Liabilities	3 185 776.12	3 185 776.12
<b>Total</b>	<b>275 564 459.96</b>	<b>275 564 459.96</b>

Source: Holcim (Maroc)

Given the decisions of Holcim AOZ general meetings to pay out dividends, through deduction from income for fiscal 2012 and the issue premium, totally MAD 600,000,000, the company's liabilities as of 31 December 2012 were increased by an amount corresponding to that dividend distribution, giving total liabilities to be taken on by Holcim AOZ as follows.

Adjusted current liabilities (MAD)	Contribution value
Liabilities – payables as of 31/12/2012	275 564 459.96
Distributed dividends and premiums	600 000 000.00
<b>Total</b>	<b>875 564 459.96</b>

Source: Holcim (Maroc)

Based on the above, the net assets contributed by Holcim AOZ to Holcim (Maroc) amount to 1 884 635 417 MAD calculated as follows:

Net assets contributed (MAD)	Contribution value
Gross assets contributed	2 760 199 876.96
Liabilities taken in exchange/acquired	875 564 459.96
<b>Net assets contributed</b>	<b>1 884 635 417.00</b>

Source: Holcim (Maroc)

### I.5. Determination of merger premium

The merger premium represents the difference between:

- The net assets contributed by Holcim AOZ in the amount of MAD 1,884,635,417;
- And:
  - ✓ The par value of the shares actually created by the Holcim (Maroc) capital increase to remunerate the Holcim AOZ shareholders of other than Holcim (Maroc), i.e. the amount of 73 626 000 MAD;
  - ✓ And the net book value of the Holcim AOZ shares held by Holcim (Maroc), i.e., MAD 227,099,040.

The merger premium thus comes to a total of MAD 1,583,910,377 broken down as follows:

- A “pure” merger premium of MAD 1,192,004,940 corresponding to the difference between the issue price of the shares in the context of the merger (MAD 1,719.00) and the par value (MAD 100) multiplied by the number of shares issued in conjunction with the merger (736,260 shares);
- A merger bonus of MAD 391,905,437 corresponding to the difference between (i) the net book value of Holcim AOZ shares held by Holcim (Maroc) – cancelled in the context of the merger – of MAD 227,099,040 and (ii) Holcim (Maroc)’s share in the value of Holcim AOZ withheld in the context of the operation, in the amount of MAD 619,004,477.

### I.6. Method of handling share fractions

In the context of the distribution of shares to be ascribed to shareholders other than Holcim (Maroc), it was agreed to handle share fractions as follows:

In the event that the distribution gives rise to a fraction, all shareholders other than Holcim Maroc International Sprl (HMI) shall receive the number of shares to which they have a right rounded down to the nearest integer.

HMI agrees to receive the number of shares remaining and expressly renounces share fractions and the three (3) shares to which it is entitled under the exchange ratio as adopted.

Accordingly, shareholders other than Holcim (Maroc) have been ascribed the numbers of shares set forth in the table showing the distribution of the shares to be issued, which is given in part [II] 1, paragraph II.1 below, “*Distribution of shareholdings after the merger-absorption operation*”.

### I.7. Resolutions proposed to the Holcim (Maroc) Extraordinary General Meeting

The texts of the draft resolutions relating to the merger-absorption of Holcim AOZ by Holcim (Maroc) that will be submitted to the Holcim (Maroc) Extraordinary General Meeting on 23 December 2013 are as follows:

#### **Resolution 1. Approval of the merger and contributions of Holcim AOZ – Corresponding increase in Holcim (Maroc) capital**

After consideration of the Executive Board’s report, the auditors’ report and the draft merger agreement signed on 21 October 2013, the General Meeting decides to approve the merger agreement in all its clauses.

Under the said agreement, Holcim AOZ, in view of its merger by absorption by Holcim (Maroc), will contribute to Holcim (Maroc) all its assets as of 31 December 2012 estimated at two billion seven hundred and sixty million one hundred and ninety-nine thousand eight hundred and seventy-six Moroccan Dirhams and ninety-six centimes (MAD 2,760,199,876.96) against Holcim (Maroc)’s takeover of Holcim AOZ’s liabilities as of 31 December 2012 estimated at eight hundred and seventy-five billion five hundred and sixty-four million four hundred and fifty-nine MAD and ninety-six centimes), i.e., net assets of eight hundred and seventy-five billion five hundred sixty-four million thousand four hundred and fifty-nine MAD and ninety-six centimes (875 564459,96 MAD), i.e. net assets of one billion eight hundred and eighty-four million six hundred and thirty-five thousand four hundred and seventeen dirhams (MAD 1,884,635,417).

Under the terms of the agreement, and taking into account the evaluation criteria used and the distribution of dividends from income for fiscal 2012 and the Holcim AOZ issue premium, as decided, firstly, at the Holcim AOZ Ordinary General Meeting held on 6 June 2013 to approve the accounts for fiscal 2012, and secondly, at the ordinary general meetings meeting in extraordinary session on 19 June 2013 and 21 October 2013, respectively, the exchange ratio for the company shares was set at ten thousand (10,000) Holcim AOZ shares against sixteen thousand four hundred and forty-five Holcim (Maroc) shares. Therefore one million ninety-six thousand three hundred and fifty-five (1,096,355) new Holcim (Maroc) shares could be created at par value of MAD one hundred (100) each ascribed to the shareholders of Holcim AOZ by way of remuneration for their contribution, which in principle would increase Holcim (Maroc)'s share capital by one hundred and nine million six hundred and thirty-five thousand five hundred Moroccan Dirhams (MAD 109,635,500). However, by reason of the following factors:

- Holcim (Maroc) holds two hundred and eighteen thousand nine hundred and sixty-five (218,965) Holcim AOZ shares (taking into account the shares in the form of consumption loans to be paid back because of the merger) giving it rights (in round figures) to three hundred and sixty thousand and ninety-five (360,095) of its own shares;
- Given that Holcim (Maroc) cannot hold its own shares, it expressly renounces this contribution.

Accordingly, Holcim (Maroc) will increase its capital by only seventy-three million six hundred and twenty-six thousand dirhams (MAD 73,626,000) by creating (in round figures) seven hundred and thirty-six thousand two hundred and sixty (736,260) shares of par value of one hundred dirhams (MAD 100) each, fully paid up, to be created by Holcim (Maroc), ascribed to the Holcim AOZ shareholders other than Holcim (Maroc) in accordance with the exchange ratio set forth above.

In the context of the distribution of shares to be ascribed to shareholders other than Holcim (Maroc), it was agreed to handle share fractions as follows:

- all shareholders other than Holcim Maroc International Sprl (HMI) shall receive the number of shares to which they have a right rounded down to the nearest integer.
- HMI agrees to receive the number of shares remaining and expressly renounces share fractions and the three (3) shares to which it is entitled under the exchange ratio as adopted.

Accordingly, shareholders other than Holcim (Maroc) have been ascribed the numbers of shares set forth in the table showing the distribution of the shares to be issued, which is made available to all shareholders.

The merger premium representing the difference between, firstly:

- The net assets contributed by Holcim AOZ in the amount of one billion eight hundred and eighty-four million six hundred and thirty-five thousand four hundred and seventeen dirhams (MAD 1,884,635,417);
- And secondly, the sum of:
  - The par value of the shares actually created for the capital increase by Holcim (Maroc) to remunerate the Holcim AOZ shareholders other than Holcim (Maroc), i.e., seventy-three million six hundred and twenty-six thousand dirhams (MAD 73,626,000MAD); and
  - The book value of the Holcim AOZ shares held by Holcim (Maroc), i.e., two hundred and twenty-seven million ninety-nine thousand and forty dirhams (MAD 227,099,040)

Is one billion five hundred and eighty-three million nine hundred and ten thousand three hundred and seventy-seven dirhams (MAD 1,583,910,377).

Also, the Extraordinary General Meeting authorizes the Executive Board, should it so decide, to charge to the merger premium all costs, charges and taxes incurred or owed in the context of the merger operation.

## **Resolution 2. Completion of the merger**

The General Meeting, having noted the Holcim AOZ Extraordinary General Meetings approval of the company's merger by absorption by Holcim (Maroc), finds that the merger by absorption of Holcim AOZ by Holcim (Maroc) is therefore final and definitive.

The Merger will be executed with retroactive effect on 1 January 2013.

In the light of the foregoing, Holcim AOZ has been automatically wound up by reason of the final completion of the merger operation, on the understanding that the winding up of Holcim AOZ will not be followed by a liquidation operation, in accordance with the provisions of article 224 of Law 17-95 on limited companies as amended and supplemented by Law 20-05 of 23 May 2008.

### **Resolution 3. Corresponding amendment of Articles of Association**

Holcim (Maroc), noting the final completion of the merger by absorption of Holcim AOZ by Holcim (Maroc) and the resulting capital increase, decides to make the corresponding amendments to articles 6 and 7 of the Articles of bylaws as follows:

Article 6 of the Articles of bylaws is replaced by the following provisions:

#### **Article 6: Share Capital**

The share capital is set at:

Four hundred and ninety-four million six hundred and twenty-six thousand dirhams (MAD 494,626,000) and divided into four million nine hundred and forty-six thousand two hundred and sixty (4,946,260) shares of one hundred dirhams (MAD 100) each, distributed as follows:

HOLCIBEL (previously entitled HOLDERBEL):	2,147,100 shares
ISLAMIC DEVELOPMENT BANK:	579,949 shares
Various holders on the Stock Exchange:	2,219,211 shares

The four million nine hundred and forty-six thousand two hundred and sixty (4,946,260) shares include:

Two million one hundred and forty-seven thousand one hundred (2,147,100) shares with double voting rights held by HOLCIBEL;

Five hundred and seventy-nine thousand nine hundred and forty-nine (579,949) shares with double voting rights held in their entirety by the ISLAMIC DEVELOPMENT BANK.

Article 7 is amended and supplemented by the following provisions:

#### **Article 7: Contributions**

(...)

The Extraordinary General Meeting held on 23 December 2013 approved the merger by absorption by Holcim (Maroc) of Holcim AOZ, a joint-stock company (*Société Anonyme*) with an Executive Board and Supervisory Board, share capital of six hundred and sixty-six million six hundred and sixty-seven thousand dirhams (MAD 666,667,000), registered headquarters at Avenue Annakhil, B.P. 2299, Hay Ryad, Rabat, and listed in the Register of Companies of the Commercial Court of Rabat under number 62225, of which it held thirty-two point eight four per cent (32.84%) of the share capital.

The merger has led to an increase in the company's of only seventy-three million six hundred and twenty-six thousand dirhams (MAD 73,626,000) given that Holcim (Maroc) held two hundred and eighteen thousand nine hundred and sixty-five (218,965) Holcim AOZ shares, giving it (in round figures) three hundred and sixty thousand and ninety-five (360,095) of its own shares, whereas Holcim (Maroc) cannot hold its own shares;

This capital increase is reflected in the creation of seven hundred thirty-six thousand two hundred and sixty (736,260) new Holcim (Maroc) shares of par value one hundred dirhams (MAD 100) each, ascribed to the Holcim AOZ shareholders other than Holcim (Maroc) as remuneration for their contributions, thus :

- Laraqui family 359.715 shares
- Holcim Maroc International 376.545 shares

The assets contributed, the liabilities taken over and the merger premium amount to:

<b>Assets contributed</b>	<b>Liabilities taken over</b>	<b>Net assets</b>	<b>Merger premium</b>
Two billion seven hundred and sixty million one hundred and ninety-nine thousand eight hundred and seventy-six dirhams and ninety-six centimes (MAD 2,760,199,876.96)	Eight hundred and seventy-five billion five hundred and sixty-four million four hundred and fifty-nine dirhams and ninety-six centimes (MAD 875,564,459.96)	One billion eight hundred and eighty-four million six hundred and thirty-five thousand four hundred and seventeen dirhams (MAD 1,884,635,417)	One billion five hundred and eighty-three million nine hundred and ten thousand three hundred and seventy-seven dirhams (MAD 1,583,910,377)

#### **Resolution 4. Confirmation in their positions of the members of the Holcim (Maroc) Supervisory Board**

The General Meeting hereby confirms all the current members of the Supervisory Board of Holcim (Maroc) for the remaining durations of their respective terms:

- Mr. Youssef ENNADIFI, as Chairman of the Supervisory Board;
- The Islamic Development Bank;
- HOLCIBEL S.A.;
- HOLCIM LTD.;
- Mr. Javier DE BENITO;
- Mr. Hassan AMRANI;
- Mr. Adil DOUIRI;
- Ms. K. Dounia TAARJI;
- Mr. Driss BENHIMA;
- Mr. Urs FANKHAUSER;
- Mr. Hassan CHAMI.

#### **Resolution 5. Powers to carry out formalities**

The General Meeting delegates all powers to the bearer of a copy or extract of these presents for the purpose of carrying out all legal formalities.

### **1.8. Resolutions proposed to the Holcim AOZ Extraordinary General Meeting**

The texts of the draft resolutions relating to the merger-absorption of Holcim AOZ by Holcim (Maroc) that will be submitted to the Holcim AOZ Extraordinary General Meeting on 20 December 2013 are as follows:

#### **Resolution 1. Approval of merger**

After consideration of the Executive Board's report, the auditors' report and the draft merger agreement signed on 21 October 2013, the General Meeting decides to approve the merger agreement in all its clauses.

Under the said agreement, Holcim AOZ, in view of its merger by absorption by Holcim (Maroc), will contribute to Holcim (Maroc) all its assets as of 31 December 2012 estimated at two billion seven hundred and sixty million one hundred and ninety-nine thousand eight hundred and seventy-six Moroccan Dirhams and ninety-six centimes (MAD 2,760,199,876.96) against Holcim (Maroc)'s takeover of Holcim AOZ's liabilities as of 31 December 2012 estimated at eight hundred and seventy-five billion five hundred and sixty-four million four hundred and fifty-nine MAD and ninety-six centimes), i.e., net assets of eight hundred and seventy-five billion five hundred sixty-four million thousand four hundred and fifty-nine MAD and ninety-six centimes

(875 564459,96 MAD), i.e. net assets of one billion eight hundred and eighty-four million six hundred and thirty-five thousand four hundred and seventeen dirhams (MAD 1,884,635,417).

Under the terms of the agreement, and taking into account the evaluation criteria used and the distribution of dividends from income for fiscal 2012 and the Holcim AOZ issue premium, as decided, firstly, at the Holcim AOZ Ordinary General Meeting held on 6 June 2013 to approve the accounts for fiscal 2012, and secondly, at the ordinary general meetings meeting in extraordinary session on 19 June 2013 and 21 October 2013, respectively, the exchange ratio for the company shares was set at ten thousand (10,000) Holcim AOZ shares against sixteen thousand four hundred and forty-five Holcim (Maroc) shares. Therefore one million ninety-six thousand three hundred and fifty-five (1,096,355) new Holcim (Maroc) shares could be created at par value of MAD one hundred (100) each ascribed to the shareholders of Holcim AOZ by way of remuneration for their contribution, which in principle would increase Holcim (Maroc)'s share capital by one hundred and nine million six hundred and thirty-five thousand five hundred Moroccan Dirhams (MAD 109,635,500). However, by reason of the following factors:

- Holcim (Maroc) holds two hundred and eighteen thousand nine hundred and sixty-five (218,965) Holcim AOZ shares (taking into account the shares in the form of consumption loans to be paid back because of the merger) giving it rights (in round figures) to three hundred and sixty thousand and ninety-five (360,095) of its own shares;
- Given that Holcim (Maroc) cannot hold its own shares, it expressly renounces this contribution.

Accordingly, Holcim (Maroc) will increase its capital by only seventy-three million six hundred and twenty-six thousand dirhams (MAD 73,626,000) by creating (in round figures) seven hundred and thirty-six thousand two hundred and sixty (736,260) shares of par value of one hundred dirhams (MAD 100) each, fully paid up, to be created by Holcim (Maroc), ascribed to the Holcim AOZ shareholders other than Holcim (Maroc) in accordance with the exchange ratio set forth above.

The Extraordinary General Meeting recalls in that regard that the present capital increase has been the subject of the procedure for the approval of the prospectus sent to CDVM under reference number [REFERENCE NUMBER] on [DATE].

In the context of the distribution of shares to be ascribed to shareholders other than Holcim (Maroc), it was agreed to handle share fractions as follows:

- all shareholders other than Holcim Maroc International Sprl (HMI) shall receive the number of shares to which they have a right rounded down to the nearest integer.
- HMI agrees to receive the number of shares remaining and expressly renounces share fractions and the three (3) shares to which it is entitled under the exchange ratio as adopted.

Accordingly, shareholders other than Holcim (Maroc) have been ascribed the numbers of shares set forth in the table showing the distribution of the shares to be issued, which is made available to all shareholders.

The merger premium representing the difference between, firstly:

- The net assets contributed by Holcim AOZ in the amount of one billion eight hundred and eighty-four million six hundred and thirty-five thousand four hundred and seventeen dirhams (MAD 1,884,635,417);
- And secondly, the sum of:
  - The par value of the shares actually created for the capital increase by Holcim (Maroc) to remunerate the Holcim AOZ shareholders other than Holcim (Maroc), i.e., seventy-three million six hundred and twenty-six thousand dirhams (MAD 73,626,000MAD); and
  - The book value of the Holcim AOZ shares held by Holcim (Maroc), i.e., two hundred and twenty-seven million ninety-nine thousand and forty dirhams (MAD 227,099,040)

Is one billion five hundred and eighty-three million nine hundred and ten thousand three hundred and seventy-seven dirhams (MAD 1,583,910,377).

## **Resolution 2. Completion of the merger**

The General Meeting approves the merger operation, subject to approval by the Extraordinary General Meeting of Holcim (Maroc).

The Meeting notes that by reason of the foregoing the final merger operation will be effective upon approval of the said merger operation by the Extraordinary General Meeting of Holcim (Maroc).

### **Resolution 3. Early winding up of Holcim AOZ**

The General Meeting notes that, subject to the final completion of the merger operation occurs, the Holcim AOZ company will be automatically wound up without that winding-up being followed by a liquidation operation, in accordance with the provisions of article 224 of Law 17-95 on limited companies as amended and supplemented by Law 20-05 of 23 May 2008.

### **Resolution 4. Powers to carry out formalities**

The General Meeting delegates all powers to the bearer of a copy or extract of these presents for the purpose of carrying out all legal formalities.

## II. Impact of the operation on the shareholding structure

### II.1. Distribution of shareholdings after the merger-absorption operation

The capital increase involves the creation of 736,260 new shares which will be ascribed to the former shareholders of Holcim AOZ apart from Holcim (Maroc) in accordance with the exchange ratio that was adopted of 10,000 Holcim AOZ shares for 16,445 Holcim (Maroc) shares. Following the exchange, the share capital distribution of Holcim (Maroc) will be as follows:

Shareholders	Before merger				After merger			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Holcibel <sup>2</sup>	2 147 000	51.00%	4 294 000	61.90%	2 147 000	43.41%	4 294 000	55.96%
Holcim Maroc International	-	-	-	-	376 545	7.61%	376 545	4.91%
IDB	579 949	13.78%	1 159 898	16.72%	579 949	11.73%	1 159 898	15.12%
Floating	1 482 951	35.22%	1 482 951	21.38%	1 482 951	29.98%	1 482 951	19.33%
Supervisory Board <sup>3</sup>	100	N/A	100	N/A	100	N/A	100	N/A
Laraqui Family	-	-	-	-	359 715	7,27%	359 715	4,69%
<b>Total shares</b>	<b>4 210 000</b>	<b>100%</b>	<b>6 936 949</b>	<b>100%</b>	<b>4 946 260</b>	<b>100%</b>	<b>7 673 209</b>	<b>100%</b>

Source: Holcim (Maroc)

Following the merger transaction, Holcibel interests in Holcim (M roc) share capital will decrease from 51,00% down 43,41% (51,02% taking into account HMI's interests). The Islamic and Development Bank interests will go down from 13, 78% to 11,73% and the floating from 35,22% to 29,98%.

The Laraqui interests in Holcim (Maroc) share capital will stand at à 7,27%.

### II.2. Governance of the company after capital increase

The Extraordinary General Meeting of Holcim (Maroc) that is called upon to issue an opinion on the merger project and the capital increase must also rule on the company's new Articles of Association. These new Articles of Association include amendments to article 6 of the Articles of Association on the share capital, and to article 7 on contributions. The remainder remains unchanged.

The Extraordinary General Meeting of the merged entity, after adopting the resolution on the amendments to the Articles of Association, will also have to reconstitute the Executive Board and the Supervisory Board..

<sup>2</sup> Holcibel is a holding company held at 100% by Holcim Ltd.

<sup>3</sup> Guarantee shares held by the members of the Supervisory Board without double voting rights.

It is proposed that the current members of the Holcim (Maroc) Executive Board be confirmed in their positions and terms of office. Likewise, the current members of the Holcim (Maroc) Supervisory Board will be confirmed in their positions and terms of office.

### III. Amount of operation

In the context of the merger-absorption operation, Holcim (Maroc) plans to increase its capital by MAD 1,657,536,377, merger premium and merger bonus included. Given Holcim (Maroc)'s renunciation of receiving its own shares, the newly created shares will remunerate solely Holcim AOZ shareholders other than Holcim (Maroc) through the issuance of 736,260 shares of MAD 100 each at a price of MAD 1,719.00 per share, i.e., a per unit merger premium of MAD 1,619.00.

### IV. Information on the shares to be issued

Type of share	Holcim (Maroc) shares are all of the same category
Legal form of shares	The Company's shares will be entirely dematerialized and registered in an account at Maroclear
Number of shares to be issued	736,260 shares
Issue price	MAD 1,719 per share
Par value	MAD 100 per share
Merger premium	MAD 1,619 per share
Date of entitlement	1 January 2013
Negotiability of shares	The shares issued will be freely negotiable on the Casablanca Stock Exchange
Listing of new shares	The shares resulting from this capital increase will be listed in the 1st line
Payment of shares	The shares issued will be fully paid up and free of any commitments
Relevant rights	All the new shares created by Holcim (Maroc) entail rights to profits and will be completely assimilated, with regard to rights and obligations, to shares other than those with double voting rights, currently making up the corporate capital of Holcim (Maroc).

### V. Financial intermediaries

Financial brokers	Name	Address
Financial advisor and overall coordinator	CFG Finance	5-7 rue Ibnou Toufail, Casablanca
Clearing house for operation	Attijariwafa Bank	2, Bd. My Youssef. Casablanca
Institution responsible for registering the operation with Casablanca Stock Exchange	CFG Marchés	5-7 rue Ibnou Toufail, Casablanca

## VI. Operation schedule

Order	Steps	Date
1	Receipt by the Casablanca Stock Exchange of the complete file of the capital increase operation	16/12/2013
2	Issuance of approval notification of the Casablanca SE about the operation	16/12/2013
3	Receipt of by the Casablanca Stock Exchange of the newsletter stamped by CDVM (Ethics Board)	16/12/2013
4	Publication by SM gazette of the notice pursuant to the operation	17/12/2013
5	Approval of merger by Holcim AOZ S.A. Extraordinary General Meeting	20/12/2013
6	Approval of merger and the contributions of the absorbed entity, the correlative capital increase of Holcim (Maroc) and fin wind up of the operation	23/12/2013
7	Receipt by the Casablanca Stock Exchange of the minutes of the EGM of Holcim (Maroc) and Holcim AOZ, respectively having ratified the merger-absorption operation project	24/12/2013
8	Exchange of shares	27/12/2013
9	Registration and admittance of the new Holcim (Maroc) shares	31/12/2013

## VII. Exchange of shares

The exchange of shares is scheduled for 27 December 2013.

## VIII. Operation beneficiaries

This capital increase is reserved to the shareholders of Holcim AOZ.

## IX. Exchange parity

The exchange parity is 10, 000 Holcim AOZ shares for 16,445 Holcim (Maroc) shares.

## X. Stock Exchange listing

<b>Sector</b>	Building and Construction Materials
<b>Name</b>	Holcim (Morocco)
<b>Code</b>	7700
<b>Ticker</b>	HOL
<b>ISIN Code</b>	MA0000010332
<b>Compartment</b>	Main market
<b>Listing mode</b>	Continuous
<b>Date of cotation of new shares</b>	31/12/2013
<b>Clearing house for Holcim (Maroc) shares</b>	CFG Marchés

## Part 2: Presentation of Holcim (Maroc)

## I. General information

<b>Corporate Name</b>	Holcim (Maroc) S.A.
<b>Headquarters</b>	Avenue Annakhil, Hay Riad, B.P. 2299 – Rabat
<b>Phone number</b>	+212 5 37 68 94 35
<b>Fax number</b>	+212 5 37 71 66 97
<b>Website</b>	<a href="http://www.holcim.ma">www.holcim.ma</a>
<b>Legal form</b>	Business Corporation with Board of Directors and Supervisory Board
<b>Date of creation</b>	28 June 1976
<b>Life span</b>	99 years except in case of early wind up or early wind up or extension as stipulated by the Articles of Association or the law
<b>Commercial register</b>	Holcim (Maroc) is registered with the clerk of the commercial court of Rabat under number 24 713
<b>Fiscal year</b>	From 1 January to 31 December
<b>Date of listing on SE</b>	21 December 1993
<b>Share capital on 30 June 2013</b>	MAD 421,000,000, fully paid up, comprising 4,210,000 shares of par value MAD 100, of which 2,726,959 shares carry double voting rights.

*Source: Holcim (Maroc)*

## II. Information on Holcim (Maroc)'s share capital

### II.1. General information

On the eve of this operation, the share capital of Holcim (Maroc) stands at MAD 421,000,000, fully paid up and split into 4,210,000 shares of par value MAD 100.

Following the merger-absorption of Holcim AOZ through an increase in the capital of Holcim (Maroc), the said capital should see an increase of MAD 73,626,000 through the creation of 736,260 shares.

### II.2. Background of capital and structure of shareholdings

#### II.2.1. Background of capital

Holcim (Maroc)'s corporate capital has changed since the time of the company's creation as follows:

Date	Type of operation	Initial capital (kMAD)	Number of shares created or destroyed	Par value of share (MAD)	Amount of operation (kMAD)	Number of shares after operation	Share capital after operation (kMAD)
28/06/1976	Cash contribution on company set-up	-	90 000	1 000	90 000	90 000	90 000
29/11/1976	Capital increase by cash contribution	90 000	120 000	1 000	120 000	210 000	210 000
18/05/1977	Capital increase by cash contribution	210 000	35 000	1 000	35 000	245 000	245 000
22/07/1988	Capital reduction	245 000	65 250	1 000	61 250	183 750	183 750
22/07/1988	Capital increase	183 750	61 250	1 000	61 250	245 000	245 000
30/07/1993	Division of par value by ten	245 000	N/A	100	N/A	2 450 000	245 000
30/07/1993	Capital increase by cash contribution	245 000	1 760 000	100	176 000	4 210 000	421 000

*Source: Holcim (Maroc)*

## II.2.2. Structure of shareholdings

As of 31 December 2012, the structure of the Company's shareholdings was as follows:<sup>4</sup>

	Number of shares held	% of capital	Number of voting rights	% of voting rights
Holcibel <sup>5</sup>	2 147 000	51,00%	4 294 000	61,90%
Islamic Development Bank (IDB)	579 949	13,78%	1 159 898	16,72%
Float on stock exchange	1 482 951	35,22%	1 482 951	21,38%
Members of Supervisory Board <sup>6</sup>	100	N/A	100	N/A
<b>Total</b>	<b>4 210 000</b>	<b>100%</b>	<b>6 936 949</b>	<b>100%</b>

*Source: Holcim (Maroc)*

## III. Activity of Holcim (Maroc)

### III.1. Background

Created in 1976, Holcim (Maroc) is a group specializing in the production and sale of all types of hydraulic binders used in building and public works, and in particular clinker (semi-finished cement product), cement, concrete and aggregates.

The Cement activity is operated by Holcim (Maroc) and Holcim AOZ. Holcim Bétons and Holcim Granulats manage the concrete and aggregates activities respectively.

### III.2. Holcim (Maroc): activity

Holcim (Maroc) is an industrial company specializing in the creation and operation of cement works and all factories producing all kinds of construction materials, and also in the production and sale of all kinds of aggregates and hydraulic binders used in construction and public works, in particular clinker, cement, road binders, and various grades of concrete, sand and aggregates.

The principal activities of Holcim (Maroc) are cement, concrete and aggregates.

#### III.2.1. Cement and clinker

Holcim (Maroc) operates three cement works (Oujda, Fez and Settat), a crushing centre (Nador) and a distribution centre (Casablanca).

#### III.2.2. Ready-mixed concrete

Holcim Bétons, a 100%-owned subsidiary of Holcim (Maroc), has a market presence in East, Central and North-Central Morocco, with a total of 11 plants around the country: Fez (1), Nador (1), Settat (2), Rabat (1), Salé (1), Tangier (2), and Casablanca (3).

Holcim Bétons offers a range of ready-mixed concretes to meet customers' needs (standardized and special concretes). Holcim Bétons is also a service provider. These services involve the entire value chain from delivery to pumping, as well as technical assistance in the selection of ready-mixed concrete, in sizing and in implementation.

We should point out that Holcim Bétons purchases cement from Holcim (Maroc) and Holcim AOZ under market conditions in order to produce and market ready-mixed cement, one of the most important distribution channels for cement.

<sup>4</sup> The structure of shareholders remains unchanged on the eve of this operation.

<sup>5</sup> Holcibel is a holding company held at 100% by Holcim Ltd.

<sup>6</sup> Guarantee shares held by the members of the Supervisory Board without double voting rights.

### III.2.3. Aggregates

Holcim (Maroc) began its aggregates activity in 2002 with the Holcim Granulats subsidiary, which operates a quarry in the region of Benslimane, and has been operating another in the region of Skhirat since 2009.

### III.2.4. Sales analysis

The table below shows the volumes of cement, concrete, clinker and aggregate sold by Holcim (Maroc) between 2010 and 2012:

Sales in kT	2010	2011	2012	AAGR 10-12	30 June 2012	30 June 2013
Cement (kT)	3 572	3 357	3 212	-5.2%	1 915	1 496
Change (%)	-	-6.0%	-4.3%		-	-21.9%
Clinker (kT)	151	132	53	-40.5%	53	28
Change (%)	-	-12.9%	-59.3%		-	-48.4%
RMC (km <sup>3</sup> )	492	542	516	2.4%	296	184
Change (%)	-	10.2%	-4.8%		-	-37.7%
Aggregates (kT)	1 149	1 026	969	-8.2%	547	507
Change (%)	-	-10.7%	-5.6%		-	-7.3%

Source: Holcim (Maroc)

#### Cement and clinker segment

Over the period of 2010-2012, the mean year on year fall in cement sales was -5.2%, whereas the decrease in sales of clinker stood at -40.5%.

Up to 2010, the growth in cement sales was attributable mainly to growing demand and the rise in construction and public works nationwide, more particularly in the Eastern region, the Fès Boulemane region and the Greater Casablanca region, which represent the main areas of Holcim (Maroc)'s commercial influence.

From 2010 on, the fall in Holcim (Maroc)'s sales can be laid at the door of the increase in competition, which in turn is the result of the entry into the market of CIMAT, and also to the slow-down in Moroccan domestic demand.

The fall in clinker sales is a consequence of the situation of overcapacity affecting all the operators in the sector.

#### Ready-mixed concrete

Between 2010 and 2011, sales of ready-mixed concrete increased by 10.2% on the back of increased sales nationwide, which saw an uptick of 10.7% compared to 2010.

In 2012, the 4.8% fall is mainly accounted for by the fall in sales experienced by Holcim (Maroc) of -4.3% against a background of an overall slowdown in demand -1.6%.

#### Aggregates segment

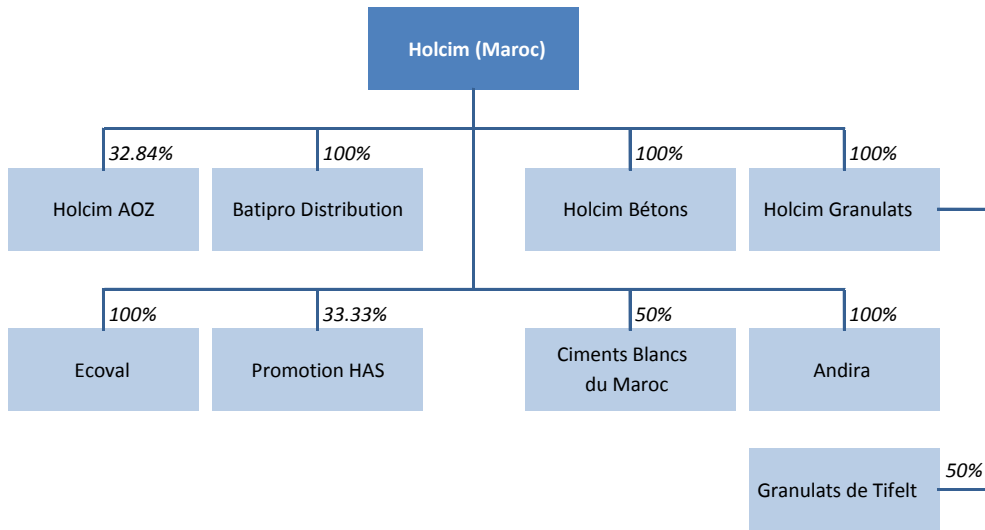
Between 2010 and 2011, sales of aggregates fell 10.7% due to extraction difficulties at the Skhirat in addition to extremely tough competition in the region.

Between 2011 and 2012, the activity kept on slowing down (-5.6%) for the same reason (i.e, intense competition). To compensate for this situation and overcome the problem, in 2012 Holcim Granulats embarked on the installation of new production equipment in the Tiflet quarry, in partnership with Colas. This new facility is expected to open up markets of the Rabat region and bolster the company's position in this high-potential region.

### III.3. Holcim (Maroc) subsidiaries

The legal structure of the Holcim (Maroc) Group as of 30 June 2013 was as follows:

Figure 23. Legal structure of Holcim (Maroc) Group as of 30 June 2013



## Part 3: Presentation of Holcim AOZ

## I. General information

<b>Corporate Name</b>	Holcim AOZ S.A.
<b>Headquarters</b>	Avenue Annakhil, Hay Riad, B.P. 2299 - Rabat
<b>Telephone</b>	+212 5 37 68 94 21
<b>Fax</b>	+212 5 37 71 49 86
<b>Website</b>	<a href="http://www.holcim.ma">www.holcim.ma</a>
<b>Legal form</b>	Joint-stock company ( <i>Société Anonyme</i> ) with Executive Board and Supervisory Board
<b>Date of creation</b>	28 April 1998
<b>Life span</b>	99 years except in event of early winding up or extension as provided for by the Articles of Association and the law
<b>Register of Companies no.</b>	Holcim AOZ is registered with the clerk of the Commercial Court of Rabat under number 62 225
<b>Fiscal year</b>	1 January to 31 December
<b>Share capital on 30 June 2013</b>	666, 667,000 MAD divided into 666, 667 shares of MAD 1,000 each.

Source: Holcim (Maroc)

## II. Information on Holcim AOZ capital

### II.1. General information

On the eve of the present operation, the share capital of Holcim AOZ is MAD 666, 667,000 fully paid up. It is split into 666, 667 shares of par value MAD 1,000 each.

### II.2. Background of capital and structure of shareholdings

#### II.2.1. Background of capital

The share capital of Holcim AOZ since its creation has changed as follows:

Date	Initial capital (kMAD)	Type of operation	Number of shares created	Par value of share	Amount of operation (kMAD)	Total number of shares after operation	Amount of share capital after operation (kMAD)
1998	-	Contribution to setting up	10 000	1 000	10 000	10 000	10 000
2001	10 000	Capital increase in cash	90 000	1 000	90 000	100 000	100 000
2003	100 000	Capital increase in cash	300 000	1 000	300 000	400 000	400 000
2011	400 000	Capital increase	266 667	1 000	266 667	666 667	666 667

Source: Holcim (Maroc)

#### II.2.2. Structure of shareholdings

The shareholders of the Company since the time of its creation have been as follows:

	28/04/1998		22/03/2005		31/12/2005		31/12/2011 <sup>7</sup>	
	Number of shares	% of capital and	Number of shares	% of capital and	Number of shares	% of capital and	Number of shares	% of capital and

<sup>7</sup> On the eve of this operation the structure of the capital of Holcim AOZ remains unchanged. The number of shares held by Holcim (Maroc) takes into account the guarantee shares.

	held	voting rights	held	voting rights	held	voting rights	held	voting rights
Holcim (Maroc)	N/A	N/A	204 000	51%	204 000	51%	218 965	32.84%
Holcim (Maroc) International	N/A	N/A	N/A	N/A	38 604	9.64%	228 970	34.34%
Laraqui family	10 000	100%	196 000	49%	157 396	39.35%	218 732	32.82%
<b>Total</b>	<b>10 000</b>	<b>100%</b>	<b>400 000</b>	<b>100%</b>	<b>400 000</b>	<b>100%</b>	<b>666 667</b>	<b>100%</b>

Source: Holcim (Maroc)

### III. Activity of Holcim AOZ

#### III.1. Background

Asment Ouled Ziane (AOZ) was created in April 1998 by the Laraqui family in order to develop a cement works in the region of Settat.

In March 2005, an agreement was signed between Holcim (Maroc) and the Laraqui family establishing a partnership to construct the said cement works, the plant being built and financed by Holcim (Maroc) and operated by AOZ under a contract with Holcim (Maroc) leasing the plant.

At that time, Holcim (Maroc) acquired from the Laraqui family 51% of AOZ's share capital; AOZ then took the name Holcim AOZ, and the operational management of the plant was provided by Holcim (Maroc)'s management.

The agreement provided for the Holcim AOZ Settat plant to be bought back no later than 31 December 2012 and no earlier than 4 years after the sale of the first ton of cement. In addition, an agreement of 31 March 2005 binding the shareholders of Holcim AOZ includes an option for the conversion of Holcim AOZ shares into Holcim (Maroc) shares, the option being exercisable from 31 March 2015 to 31 March 2016 by both Holcim (Maroc) and the Laraqui family, and eventually leading to the merger of the two companies.

The construction work on the plant began in 2005 and ended two years later with the commissioning on 16 June 2007 of the clinker firing line with a capacity of 1.7 million tons of cement.

In 2012, discussions began between the management of Holcim (Maroc) and the Laraqui family to consider a merger between the two companies before the initial expiry date set for 31 March 2015. On 6 June 2013, an amendment to the initial shareholders' agreement was signed by the parties, formalizing the principle of an early merger.

#### III.2. Holcim AOZ Subsidiaries

As of now, the Company has no subsidiaries.

#### III.3. Activity of Holcim AOZ

Holcim AOZ is an industrial company specializing in the creation and operation of cement works and in the production and sale of all kinds of hydraulic binders used in construction and public works, in particular clinker, cement and road binders.

The company operates a cement works at Settat and concentrates exclusively on the cement and clinker activity. That being the case, its production procedure, the products it markets, its trading and marketing policies and its distribution model are the same as Holcim (Maroc)'s (cf. Part 2« Presentation of Holcim (Maroc)», paragraph III.2”).

### III.4. Sales analysis

The table below shows the changes in the volumes of cement, concrete, clinker and aggregate sold by Holcim AOZ between 2010 and 2012:

Sales in kT	2010	2011	2012	AAGR 2010–2012
Cement	1 354	1 304	1 335	-0.7%
<i>Change (%)</i>	-	-3.7%	2.4%	
Clinker	194	132	82	-35.0%
<i>Change (%)</i>	-	-32.0%	-37.9%	

*Source: Holcim (Maroc)*

Over the period 2010–2012, the volumes sold increased by -0.7% per year on average for cement and -35.0% a year for clinker.

Up to 2010, the growth in cement sales was attributable mainly to growing demand and the rise in construction and public works nationwide, more particularly in the Greater Casablanca region and the region of Chaouia-Ouardigha, which represent the main areas of Holcim AOZ's commercial influence.

From 2010 on, the fall in Holcim AOZ's sales can be laid at the door of the increase in competition, which in turn is the result of the entry into the market of CIMAT, whose plants are based in Holcim AOZ's principal region of activity, i.e., the Central region.

## Part 5: Holcim (Maroc) and Holcim AOZ Financial statement

## I. Holcim (Maroc) : Financial Statements

### I.1. Holcim (Maroc) : Consolidated Balancesheet as of December 31st, 2010, December ,31st 2011 and December ,31st 2012

ASSETS	Dec .31 2010	Dec .31 2011	Dec .31 2012
<b>FIXED ASSETS</b>	<b>3 986 275</b>	<b>3 995 076</b>	<b>3 950 692</b>
Acquisition Adjustment	94 602	88 002	81 402
Intangible assets	19 470	9 603	12 771
Tangible assets	3 852 817	3 877 345	3 771 674
Financial assets	14 415	14 392	77 910
Securities subjected to equity method	4 971	5 734	6 935
<b>CURRENT ASSETS</b>	<b>1 793 458</b>	<b>2 384 166</b>	<b>2 706 863</b>
Inventories and works in progress	316 852	300 867	324 944
Accounts receivable & associated accounts	388 749	455 688	485 860
Other receivables & Adjustment accounts	347 333	291 663	395 227
Investment equities & securities	706 914	1 248 280	1 458 838
Cash and cash equivalents	33 610	87 667	41 994
<b>TOTAL ASSETS</b>	<b>5 779 733</b>	<b>6 379 241</b>	<b>6 657 555</b>

Source : Holcim (Maroc)

LIABILITIES	Dec.31 2010	Dec.31. 2011	Dec.31 2012
<b>STOCKHOLDER'S EQUITY</b>			
Capital	421 000	421 000	421 000
Consolidated reserves	1 059 297	1 167 121	1 195 111
Net earnings (share of group)	659 334	575 290	490 338
<b>Total stockholder's equity (share of group)</b>	<b>2 139 631</b>	<b>2 163 411</b>	<b>2 106 449</b>
<b>Minority interest</b>	<b>428 269</b>	<b>971 643</b>	<b>1 080 386</b>
Consolidated reserves	316 535	861 685	972 156
Income	111 735	109 958	108 230
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>2 567 900</b>	<b>3 135 054</b>	<b>3 186 835</b>
Long term financial debts	1 699 980	1 699 980	1 510 000
Provisions for liabilities & charges	55 226	161 232	95 171
<b>CURRENT LIABILITIES</b>	<b>1 456 628</b>	<b>1 382 976</b>	<b>1 865 549</b>
Accounts payable and associated accounts	721 012	722 807	724 286
Other debts and Adjustment accounts	419 674	335 868	326 776
<b>Liabilities cash</b>	<b>315 941</b>	<b>324 301</b>	<b>814 487</b>
<b>TOTAL LIABILITIES</b>	<b>5 779 733</b>	<b>6 379 241</b>	<b>6 657 555</b>

Source : Holcim (Maroc)

## I.2. Holcim (Maroc) : Consolidated income statement as of December 31st, 2010, December 31st, 2011 and December 31st, 2012

INCOME & EXPENDITURE ACCOUNT (exclusive of tax)	Dec 31st. 2010	Dec 31st. 2011	Dec 31st 2012
<b>OPERATING INCOME</b>			
<b>Turnover</b>	<b>3 543 757</b>	<b>3 493 872</b>	<b>3 322 951</b>
Variation in inventories of goods	4 429	-9 673	31 847
Other operating income	102 527	78 997	51 223
<b>OPERATING EXPENSES</b>			
Cost of goods and other external expenses	-1 732 789	-1 899 154	-1 870 454
Payrol expenses	-186 040	-168 591	-196 366
Other oprating expenses	-25 058	-5 794	-2 513
Taxes	-84 889	-38 914	-50 428
Operating allowances for amortization	-365 098	-347 519	-412 708
<b>Operating income</b>	<b>1 256 840</b>	<b>1 103 225</b>	<b>873 553</b>
Fiancial income & expenses	-45 623	-37 477	-13 579
<b>Current income of integrated companies</b>	<b>1 211 217</b>	<b>1 065 748</b>	<b>859 974</b>
<b>Non-current income &amp; expenses</b>	<b>-35 838</b>	<b>-34 376</b>	<b>10 047</b>
Share in income of companies subjected to equity method	-53	-130	1 200
Corporate tax	-395 484	-339 393	-266 055
Amortization of Acquisition decpreancy	-8 774	-6 600	-6 600
<b>Consolidated global income</b>	<b>771 068</b>	<b>685 249</b>	<b>598 567</b>
Minority interest	-111 735	-109 958	-108 230
<b>Net income (share of group)</b>	<b>659 334</b>	<b>575 290</b>	<b>490 338</b>

Source : Holcim (Maroc)

## II. Holcim AOZ : Financial Statements

### II.1. Holcim AOZ : Balancesheet

#### II.1.1. Holcim AOZ: Assets as of December 31st, 2010, December 31st, 2011 and December 31st, 2012

ACTIF	Dec.31 2010	Dec.31 2011	Dec.31 2012
<b>NON VALUE ASSETS (A)</b>	<b>545 492,00</b>	<b>3 609 443,00</b>	<b>2 672 989,00</b>
Start up costs	-	-	-
Expenses to be broken down over several financial years	545 492,00	3 609 443,00	2 672 989,00
Bond redemption premium	-	-	-
<b>INTANGIBLE ASSETS (B)</b>	<b>-</b>	<b>-</b>	<b>2 983 903,48</b>
	38 758	53 547	60 275
<b>TANGIBLE ASSETS (C)</b>	<b>694,97</b>	<b>544,04</b>	<b>502,93</b>
	5 360		
Lands	460,00	5 360 460,00	5 360 460,00
	4 544		
Buildings	670,21	4 031 796,82	5 263 264,54
	14 918	20 791	37 082
Technical facilities, tools and equipments	827,26	924,36	302,55
Transportation equipment	-	-	-
Furniture, office equipments and various fittings	335 578,92	423 140,57	834 225,80
Other tangible assets	-	-	-
	13 599	22 940	11 735
Tangible Fixed Assets pending	158,58	222,29	250,04
	<b>6 573</b>		
<b>FINANCIAL ASSETS (D)</b>	<b>534,55</b>	<b>6 562 034,55</b>	<b>6 562 034,55</b>

Fixed loans	-	-	-
	6 573		
Other financial receivables	534,55	6 562 034,55	6 562 034,55
Equities	-	-	-
Other fixed equities	-	-	-
<b>TRANSLATION ADJUSTMENT - ASSETS (E)</b>	-	-	-
		<b>63 719</b>	<b>72 494</b>
<b>TOTAL I (A+B+C+D+E)</b>	<b>45 877 721,52</b>	<b>021,59</b>	<b>429,96</b>
	<b>118 862</b>	<b>107 924</b>	<b>95 601</b>
<b>STOCK (F)</b>	<b>008,52</b>	<b>478,03</b>	<b>407,11</b>
	7 049		
Goods	773,71	-	-
	102 012	98 987	87 165
Materials and consumables	337,73	290,04	008,35
Goods in progress	-	-	-
	9 799		
Semi-finished goods and residual products	897,08	4 097 154,82	207 323,18
Finished products	-	4 840 033,17	8 229 075,58
	<b>300 806</b>	<b>269 190</b>	<b>274 593</b>
<b>CURRENT ASSETS RECEIVABLES (G)</b>	<b>123,45</b>	<b>552,20</b>	<b>817,85</b>
	5 322		
Accounts payable, advances and downpayments	852,66	1 804 801,55	685 089,92
	159 398	191 766	208 399
Accounts receivable and associated accounts	975,02	363,63	451,15
Staff	432 846,27	348 141,51	263 834,32
	40 857	70 745	62 613
Payable tax assets	394,10	039,19	306,06
Current account	-	-	-
	92 477		
Other debtors	092,58	2 475 140,96	527 215,97
	2 316		
Accounts payable, advances and downpayments	962,82	2 051 065,36	2 104 920,43
	<b>706 913</b>	<b>1 248 279</b>	<b>1 458 838</b>
<b>INVESTMENT SECURITIES (H)</b>	<b>743,51</b>	<b>985,56</b>	<b>073,65</b>
<b>TRANSLATION ADJUSTMENT – CURRENT ASSETS (I)</b>	-	-	-
		<b>1 625 395</b>	<b>1 829 033</b>
<b>TOTAL II (F+G+H+I)</b>	<b>1 126 581 875,48</b>	<b>015,79</b>	<b>298,61</b>
	<b>5 930</b>	<b>29 650</b>	<b>15 025</b>
<b>CASH-ASSETS</b>	<b>170,53</b>	<b>262,29</b>	<b>002,85</b>
	3 228	13 792	
Cheques and bills	934,39	422,29	6 902 613,08
	2 696	15 852	
Banks, Treasury and PO accounts	143,18	747,04	8 117 296,81
Cash accounts, Authorization to incur and documentary credits	5 092,96	5 092,96	5 092,96
	<b>5 930</b>	<b>29 650</b>	<b>15 025</b>
<b>TOTAL III</b>	<b>170,53</b>	<b>262,29</b>	<b>002,85</b>
		<b>1 718 764</b>	<b>1 916 552</b>
<b>GENERAL TOTAL I+II+III</b>	<b>1 178 389 767,53</b>	<b>299,67</b>	<b>731,42</b>

Source : Holcim (Maroc)

## II.1.2. Holcim AOZ: Liabilities as of December 31st, 2010, December 31st, 2011 and December 31st, 2012

LIABILITIES	Dec .31 2010	Dec .31 2011	Dec .31 2012
	<b>916 012</b>	<b>1 479 787</b>	<b>1 640 988</b>
<b>STOCKHOLDER'S EQUITY (A)</b>	<b>322,77</b>	<b>728,43</b>	<b>271,46</b>
Share capital (1)	400 000	666 667	666 667
Merger premium	000,00	000,00	000,00
Legal reserve	-	133 333	133 333
Other reserves	-	500,00	500,00
Retained earnings (2)	14 399	25 800	33 989
Net earning pending appropriation (2)	132,91	616,13	361,41
	-	-	-
	273 583	490 211	645 797
	525,27	706,64	867,02
	-	-	-
	228 029	163 774	161 200
	664,59	905,66	543,03
<b>STOCKHOLDER'S EQUITY &amp; COMPARABLE CATEGORIES (B)</b>	-	-	-
Investment subsidy			
Provisions required by law	-	-	-
Provisions for investment	-	-	-
<b>FINANCIAL DEBTS (C)</b>	-	-	-
Debenture loans	-	-	-
Other financial debts	-	-	-
	<b>15 141</b>	<b>43 046</b>	<b>23 130</b>
<b>PERMANENT PROVISIONS FOR LIABILITIES &amp; CHARGES (D)</b>	<b>085,86</b>	<b>791,90</b>	<b>467,90</b>
Provisions for liabilities and charges	15 141	43 046	23 130
	085,86	791,90	467,90
<b>TRANSLATION ADJUSTMENT - LIABILITIES (E)</b>	-	-	-
		<b>1 522 834</b>	<b>1 664 118</b>
<b>TOTAL I (A+B+C+D+E)</b>	<b>931 153 408,63</b>	<b>520,33</b>	<b>739,36</b>
	<b>240 173</b>	<b>195 065</b>	<b>249 248</b>
<b>ACCOUNTS PAYABLE AND DEBTS DUE (F)</b>	<b>861,61</b>	<b>496,51</b>	<b>215,94</b>
Accounts payable and Associated accounts	120 207	130 922	156 554
Customers account payable, advances and staff	308,79	055,54	155,17
downpayments	216 160,00	216 160,00	216 160,00
	7 423		
Staff	640,70	8 452 839,90	6 565 015,65
Social security bodies	482 161,43	572 733,91	700 545,45
	74 336	54 860	81 658
Payable tax liabilities	807,57	758,85	712,20
Current accounts	-	-	-
	37 507		
Other receivables	783,12	40 948,31	3 553 627,47
Liabilities rugularization accounts	-	-	-
<b>OTHER PROVISIONS FOR LIABILITIES &amp; CHARGES (G)</b>	-	-	-
Other provisions for liabilities and charges	-	-	-
<b>TRANSLATION ADJUSTMENT - LIABILITIES (Current items (H))</b>	-	-	-
		<b>195 065</b>	<b>249 248</b>
<b>TOTAL II (F+G+H)</b>	<b>240 173 861,61</b>	<b>496,51</b>	<b>215,94</b>
	<b>7 062</b>		
<b>CASH – LIABILITIES</b>	<b>497,29</b>	<b>864 282,83</b>	<b>3 185 776,12</b>
Discount credits	-	-	-
Cash credits	-	-	-
	7 062		
Banks (credit balances))	497,29	864 282,83	3 185 776,12

	7 062		
<b>TOTAL III</b>	<b>497,29</b>	<b>864 282,83</b>	<b>3 185 776,12</b>
		<b>1 718 764</b>	<b>1 916 552</b>
<b>GENERAL TOTAL I+II+III</b>	<b>1 178 389 767,53</b>	<b>299,67</b>	<b>731,42</b>

Source : Holcim (Maroc)

## II.2. Holcim AOZ: Income Statement as of December 31st, 2010, December, 31st 2011 and December ,31st 2012

INCOME & EXPENDITURE ACCOUNT (exclusive of taxes)	31st Dec. 2010	31st Dec. 2011	31st Dec. 2012
<b>I- OPERATING INCOME</b>			
Sale of goods (as is)	0,00	0,00	0,00
Sale of produced goods and services (CA)	1 185 647 997,99	1 061 861 326,35	985 796 574,77
<b>Turnover</b>	<b>1 185 647 997,99</b>	<b>1 061 861 326,35</b>	<b>985 796 574,77</b>
Variation in inventories of goods	-9 592 325,29	-7 912 482,80	-539 789,23
Assets produced by the company for itself	0,00	0,00	0,00
Operating subsidies	0,00	0,00	0,00
Other operating income	0,00	0,00	5 367 301,13
Operating carry overs: transfer of expenses	6 381 614,81	39 081 936,79	16 288 256,50
<b>Total I</b>	<b>1 182 437 287,51</b>	<b>1 093 030 780,34</b>	<b>1 006 912 343,17</b>
<b>II- OPERATING EXPENSES</b>			
Cost of goods sold	0,00	0,00	0,00
Consumed materials & supplies	398 119 483,15	409 731 302,09	370 844 501,82
Other external expenses	396 029 765,59	393 122 697,08	396 768 961,46
Taxes & levies	42 085 891,93	22 111 832,37	32 785 757,50
Payroll expenses	20 626 161,12	15 848 580,63	15 176 464,59
Other operating expenses	433 017,00	1 553 171,86	497 144,00
Operating allowances for amortization	11 047 151,29	8 056 587,21	11 931 359,63
<b>Total II</b>	<b>868 341 470,08</b>	<b>850 424 171,24</b>	<b>828 004 189,00</b>
<b>III- Operating INCOME (I-II)</b>	<b>314 095 817,43</b>	<b>242 606 609,10</b>	<b>178 908 154,17</b>
<b>IV- FINANCIAL INCOME</b>			
Income from securities	0,00	0,00	0,00
Exchange gains	4 213 256,98	490 446,42	1 021 144,03
Interest and other financial income	26 556 002,14	32 600 366,18	49 654 719,89
Financial carry overs, transfer of expenses	0,00	0,00	0,00
<b>Total IV</b>	<b>30 769 259,12</b>	<b>33 090 812,60</b>	<b>50 675 863,92</b>
<b>V- FINANCIAL EXPENSES AND LOAN COSTS</b>			
Interest expenses	-181 263,64	29 050,96	384 691,31
Exchange loss	5 505 182,52	4 630 095,98	1 552 921,33
Other financial expenses	0,00	0,00	0,00
Financial allowances	0,00	0,00	0,00
<b>Total V</b>	<b>5 323 918,88</b>	<b>4 659 146,94</b>	<b>1 937 612,64</b>
<b>VI- FINANCIAL INCOME (IV-V)</b>	<b>25 445 340,24</b>	<b>28 431 665,66</b>	<b>48 738 251,28</b>
<b>VII- CURRENT RESULT (III+VI)</b>	<b>339 541 157,67</b>	<b>271 038 274,76</b>	<b>227 646 405,45</b>

Source : Holcim (Maroc)

INCOME & EXPENDITURE ACCOUNT (exclusive of tax) contd	31 déc. 2010	31 déc. 2011	31 déc. 2012
<b>CURRENT INCOME (carry over)</b>	<b>339 541 157,67</b>	<b>271 038 274,76</b>	<b>227 646 405,45</b>
<b>VIII- NON-CURRENT INCOME</b>			
Income from disposal of assets	0,00	0,00	0,00
Deficiency subsidies	0,00	0,00	0,00

Investment subsidy carry over	0,00	0,00	0,00
Other non-current income	0,00	0,00	0,00
Extraordinary carry over : transfer of expenses	0,00	0,00	14077464,00
<b>Total VIII</b>	<b>0,00</b>	<b>0,00</b>	<b>14 077 464,00</b>
<b>IX- NON-CURRENT INCOME</b>			
Net depreciation value of disposed assets	0,00	0,00	9780,14
Granted subsidies	0,00	0,00	0,00
Other extraordinary expenses	3 678 083,81	-2 101 436,26	10325966,00
Extraordinary allowances for depreciation and for provisions	0,00	27 369 399,04	0,00
<b>Total IX</b>	<b>3 678 083,81</b>	<b>25 267 962,78</b>	<b>10 335 746,14</b>
<b>X- NON-CURRENT INCOME (VIII-IX)</b>	<b>-3 678 083,81</b>	<b>-25 267 962,78</b>	<b>3 741 717,86</b>
<b>XI- INCOME BEFORE TAX (VII+X)</b>	<b>335 863 073,86</b>	<b>245 770 311,98</b>	<b>231 388 123,31</b>
XII- Income tax	107 833 409,27	81 995 406,32	70 187 580,28
<b>NET INCOME (XI-XII)</b>	<b>228 029 664,59</b>	<b>163 774 905,66</b>	<b>161 200 543,03</b>

Source : Holcim (Maroc)

I.

## II. Holcim (Maroc): Interim consolidated financial statements

### II.1. Holcim (Maroc): Consolidated balance sheets as of 30 June 2012 and 30 June 2013

ASSETS	30 June 2012	30 June 2013
<b>FIXED ASSETS</b>	<b>3 757 940</b>	<b>3 950 692</b>
Acquisition adjustment	78 102	81 402
Intangible assets	12 171	12 771
Tangible assets	3 583 932	3 771 674
Financial assets	78 255	77 910
Securities subjected to equity method	5 481	6 935
<b>CURRENT ASSETS</b>	<b>2 689 798</b>	<b>2 706 863</b>
Inventories and works in progress	274 411	324 944
Accounts payable & associated accounts	468 016	485 860
Other receivables and adjustment account	571 739	395 227
Investment equities	1 320 460	1 458 838
Cash & cash equivalents	55 172	41 994
<b>TOTAL ASSETS</b>	<b>6 447 738</b>	<b>6 657 555</b>

Source: Holcim (Maroc)

LIABILITIES	30 June 2012	30 June 2013
<b>SHAREHOLDERS' EQUITY</b>		
Capital	421 000	421 000
Consolidated reserves	1 286 838	1 195 111
Net earnings (share of group)	229 527	490 338
<b>Total shareholder's equity (share of group)</b>	<b>1 937 366</b>	<b>2 106 449</b>
<b>Minority interest</b>		
Consolidated reserves	763 920	972 156
Income	40 176	108 230

<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>2 741 461</b>	<b>3 186 834</b>
Long term financial debts	1 509 286	1 510 000
Provisions for liabilities & charges	110 590	95 171
<b>CURRENT LIABILITIES</b>	<b>2 086 402</b>	<b>1 865 549</b>
Accounts payable & associated accounts	427 625	724 286
Other debts & adjustment accounts	749 393	326 776
<b>Cash - liabilities</b>	<b>909 384</b>	<b>814 487</b>
<b>TOTAL LIABILITIES</b>	<b>6 447 738</b>	<b>6 657 555</b>

Source: Holcim (Maroc)

## II.2. Holcim (Maroc): Interim consolidated financial statements as of 30 June 2012 and 30 June 2013

<b>INCOME &amp; EXPENDITURE ACCOUNT (before taxes)</b>	<b>30 June 2012</b>	<b>30 June 2013</b>
<b>OPERATING INCOME</b>		
<b>Turnover</b>	<b>1 594 660</b>	<b>1 960 785</b>
Variation in inventories of goods	-20 829	56 490
Other operating income	3 342	4 880
Cost of goods sold and other external expenses	-781 303	-1 026 772
Payroll expenses	-67 217	-79 933
Other operating expenses	-1 041	-1 002
Taxes & levies	-28 811	-26 655
Operating allowances for amortization	-248 847	-190 626
<b>Operating income</b>	<b>449 954</b>	<b>697 168</b>
Financial expenses and income	-37 436	-1 878
<b>Current income of integrated companies</b>	<b>412 518</b>	<b>695 289</b>
<b>Extraordinary expenses and income</b>	<b>-16 983</b>	<b>27 339</b>
Share in companies subjected to equity method	-1 251	1 487
Corporate tax	-121 281	-229 932
Amortization of acquisition discrepancy	-3 300	-3 300
<b>Consolidated global income</b>	<b>269 703</b>	<b>490 884</b>
Minority interests	-40 176	-89 933
<b>Net income (share of group)</b>	<b>229 527</b>	<b>400 952</b>

Source: Holcim (Maroc)

## Part 5. Risk Factors

Holcim (Maroc) operates in an environment marked essentially by (i) strong demand that comes principally from players and stakeholders in the area of Construction and Public Works; (ii) an opening up of the market to new entrants; (iii) volatile energy costs; and (iv) a progressive tightening of environmental regulations.

As a result, the company faces a number of risks from its business, regulatory and competitive environment, in addition to industrial and human risks from its own operations.

## I. Competitive risks

The absence of barriers to entry and the attractive prospects for profit offered by the sector tend to favour the entry of new players into the market. In that regard, several projects are currently being launched by existing operators as well as by new potential entrants.

Reinforcing operators' production capacities in a context where demand for cement is slowing could have a double impact on Holcim (Maroc)'s activities:

- Slower sales growth due to the increase in overcapacity;
- Strong pressure on the company's profit margins.

In order to contain this risk and secure its market share and profitability, several trading measures have been implemented by Holcim (Maroc), including:

- Enriching and diversifying the product mix;
- Gaining and maintaining customers' loyalty;
- Diversifying distribution channels;
- Consolidating geographical positioning in all regions of Morocco;
- Improving product quality.

It should be noted that given the overcapacity in domestic cement production, most projects for new production capacity or expansion of existing production capacity have been postponed.

## II. Risks related to real estate and the construction and public works sector

The cement manufacturing sector is highly dependent on construction and public works, where activity is, in turn, closely related to the rate of housing construction as well as to the number of public infrastructure, tourism and industrial projects.

Because of this, the cement industry is sensitive to a number of factors such as purchasing power in general, population growth and urbanization, conditions on mortgage lending, and public policy in the areas of housing and infrastructure expansion and/or upgrading.

### II.3. Public works sector

The development of the cement industry over the past decade was stimulated directly by the Moroccan Government's infrastructure upgrading and expansion policy.

The current economic situation, marked by pressure on the public finances (in particular in terms of budget deficits and liquidity drying up), is likely to put a brake on the rate of public investment in infrastructure. Such a situation could have a negative impact on cement and concrete demand nationwide.

### II.4. Real estate sector

Despite its intrinsic potential for growth, the real estate sector is likely to slow down due to the falling demand for standard, regular and top-of-the-range housing, which in turn is the result of (i) an increase in prices coupled with a fall in purchasing power; (ii) a tightening of the conditions on mortgage lending because of liquidity drying up; and (iii) a drop in demand from Moroccans living abroad because of the general economic crisis worldwide and in Europe in particular.

These risk factors should, however, be offset to some degree by the stimulating effect of the Government's proactive policy to address unhealthy and unsanitary housing. Such a policy requires and implies ensuring that the conditions are there for there to be a sufficient supply to meet national needs in terms of housing.

In addition, the tourist real estate sector, one of the outlets for cement production, remains at risk of a slowdown in tourist and hotel infrastructure investment, which in turn is caused by the fall in demand from the main markets from which most tourists who visit Morocco come.

## II.5. Seasonal nature of construction and public works sector

The cement market, and the market for construction materials generally, is impacted by the seasonal nature of construction activity, which is attributable to rainfall patterns in particular. In fact, period of heavy rainfall may well affect production levels in the construction and public works sector and so result in a decrease in cement and concrete sales volumes.

## III. Industrial risks

The industrial performance of production sites is key to the company's operational profitability.

That performance is likely to be affected by (i) inefficiency of the tools of production; (ii) repeated incidents of a technical nature; (iii) human errors; and (iv) accidents at production sites.

### III.1. Production-related risks

The Company's profitability is to a large extent dependent on its industrial performance which, in turn, is reliant on its production capacity being fully available. Thus, production interruptions because of breakdowns of mission-critical process components (crusher, kiln, etc.), social movements, accidents or cases of force majeure can result in a significant decrease in the Company's productivity.

In order to be able to understand and quantify the incidence of industrial breakdowns, it is important to consider the Company's maintenance policy, which is in accordance with Holcim Group's international standards. The policy is based on preventive and curative maintenance and enables the Company not only to organize maintenance and repair work, but make such work reliable as well, by using a computerized maintenance management and follow-up system.

It should also be noted that these risk factors are covered by insurance policies that include damage to equipment as well as operating losses attributable to that damage.

### III.2. Safety-related risks

Cement production requires that complex industrial operations be carried out, and such operations entail a risk of occupational accidents to workers. Holcim (Maroc) places safety at the heart of its company policy and follows a rigorous and controlled system of vigilance which helps reduce the number of work accidents to the greatest possible extent.

Indeed, Holcim (Maroc) has implemented several programmes aimed at enhancing safety at the production sites in order to protect its staff and its equipment, and to ensure compliance with the regulations in force.

The safety programme that has been implemented is founded in particular:

- On carrying out audits to check that the various sites are in compliance with the legislation and regulations in force;
- On carrying out audits of compliance with occupational health and hygiene in the workplace, sanitary facilities and catering premises;
- On the assessment and ongoing monitoring of risks;
- On analysis and implementation of corrective measures after every incident;
- On awareness-raising and training among the staff; and
- On improving operating techniques.

In addition, Industrial risks are covered by insurance policies that are automatically renewed each year.

The risk of industrial accidents occurring, however, cannot be entirely eliminated, despite the preventive measures that are implemented.

### III.3. Asset depreciation risks

Because the cement production industry is very capital-intensive, any technological development of standards or other norms could make current assets obsolete and force cement companies to invest in upgrading, which could prove to be very costly.

## IV. Market risks

Holcim (Maroc) is exposed to exchange rate risks as well as to other market risks, particularly those related to the cost of certain raw materials, including fuels.

### IV.1. Currency exchange risks

Holcim (Maroc) pays for some of its purchases in foreign currency. Those purchases are basically for the following inputs:

- Petcoke, principally denominated in US dollars;
- Purchases of raw materials (mainly adjuvants), denominated mainly in euros or US dollars.

For the provision of services and consultancy, and for expatriate human resources, the Company makes its payments mainly in Swiss francs.

Holcim (Maroc), in keeping with its parent company's risk management policy, takes out forward exchange contracts in order to cover transactions in foreign currencies as soon as they are identified.

### IV.2. Risks related to energy costs

Given the nature of its activity, Holcim (Maroc) consumes a large quantity of fuel. The group is thus faced with an ongoing risk from changes in the cost of its raw materials, particularly fuels such as natural gas, petcoke, coal, and so on. It also faces risks related to changes in the cost of other services, such as ocean freight charges.

The structure of the construction and public works market and the tough competition between cement producers make cement a buyer's market. This being the case, operators cost of consumables on into the sales price to the extent possible so as to keep their activity profitable.

In addition, and with a view to optimizing fuel consumption, Holcim (Maroc) is developing the use of alternative fuels (e.g., used lubricating oil, shredded tires, industrial wastes, etc.), which are used to good effect in the Ecoval waste processing platform.

### IV.3. Risks related to the availability of raw materials

Holcim (Maroc) has its own reserves of limestone and aggregates. The useful life of its quarries is over 40 years and there is no risk of depletion over the medium term.

However, the Company may find itself denied renewal of current permits or new permits to operate other quarries.

### IV.4. Supplier risk

Holcim (Maroc)'s operations involve consuming large quantities of fuel. The fact that its fuel supplies are provided by its sister company, Holcim Trading, considerably reduces supplier risk.

The industry does run the risk of cuts in its electricity supply, which is provided exclusively by ONEE, the Moroccan national electricity and water utility.

### IV.5. Customer risks

Holcim (Maroc), as a trading company, may face counterparty risks related to its customer portfolio in the event that one of those customers accounts for a significant part of the company's turnover.

That risk, however, is minor given the fragmented nature of the customer base. In fact, the Company's 10 main customers accounted for under 15% of the company's turnover in fiscal year 2012.

#### IV.6. Environment-related risks

Operating a cement works requires that a number of dangerous wastes be used as alternative fuels, and give rise to hazardous waste gases that can have a direct impact on the surrounding natural environment.

Holcim (Maroc) considers environment to be one of the major pillars of its policy for the development and consolidation of its activities and human resources.

In general, the principal environmental risks that the company faces lie in (i) soil contamination at its quarries; and (ii) in environmental pollution.

With a view to protecting its surroundings from environmental risks, the Company has adopted an environmental policy that meets the requirements of the Holcim Group and ensures (i) compliance with environmental standards; (ii) recovery of fuel materials; and (iii) minimization of the impact of chemicals, wastes and other hazardous substances on the environment.

This policy, which meets the best international standards, enables the company to reduce its potential liability for any damage to the natural environment.

It should be noted also that the plants in Fez, Oujda and Nador, the crushing centre in Settat, the distribution centre in Casablanca and the Ecoval waste treatment platform have been certified to ISO 14 001 thanks to their environment-friendly managements.

## Warning

*The information above is only a part of the prospectus approved by the Conseil Déontologique des Valeurs Immobilières (CDVM) under reference no. VI/EM/035/2013 on December 16, 2013. The CDVM advises reading the full prospectus made available to the public in French*