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INDEPENDENT AUDITORS' REPORT

To the shareholders
The Lebanese Company for the Development
and Reconstruction of Beirut Central District S.A.L.
Beirut - Lebanon

We have audited the accompanying consolidated financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. (the Company) and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

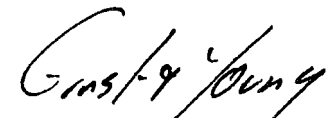
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. and its Subsidiaries (the Group) as of December 31, 2013, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
June 11, 2014


Deloitte & Touche


Ernst & Young

THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Notes</u>	<u>December 31,</u>		
		<u>2013</u>	<u>2012</u>	<u>2011</u>
		<u>US\$</u>	<u>(Restated) *</u>	<u>(Restated) *</u>
			<u>US\$</u>	<u>US\$</u>
Cash and bank balances	6	176,715,685	161,569,349	172,671,479
Prepayments and other debit balances	7	52,445,036	55,908,273	45,180,285
Accounts and notes receivable, net	8	435,196,235	545,730,346	544,319,660
Investment in asset-backed securities	9	80,601,126	-	-
Inventory of land and projects in progress	10	1,143,676,320	1,208,248,784	1,132,122,504
Investment properties, net	11	564,680,342	436,638,362	444,629,160
Investment in associates and joint ventures	12	356,086,977	355,694,920	359,757,578
Fixed assets, net	13	64,095,894	72,077,320	70,218,793
Total Assets		<u>2,873,497,615</u>	<u>2,835,867,354</u>	<u>2,768,899,459</u>
 <u>LIABILITIES</u>				
Bank overdrafts, short and medium term facilities	14	552,811,406	633,023,411	519,827,451
Accounts payable and other liabilities	15	114,911,477	107,346,391	129,734,154
Dividends payable	16	66,485,375	78,776,194	84,195,863
Deferred revenue and other credit balances	17	55,235,052	58,622,176	50,076,580
Term bank loans	18	133,224,943	49,943,056	50,000,000
Total Liabilities		<u>922,668,253</u>	<u>927,711,228</u>	<u>833,834,048</u>
 <u>SHAREHOLDERS' EQUITY</u>				
Issued capital at par value				
US\$10 per share:	19			
100,000,000 class (A) shares		1,000,000,000	1,000,000,000	1,000,000,000
65,000,000 class (B) shares		650,000,000	650,000,000	650,000,000
		<u>1,650,000,000</u>	<u>1,650,000,000</u>	<u>1,650,000,000</u>
Legal reserve	20	154,380,009	150,411,796	148,210,183
Retained earnings		234,569,452	195,601,151	262,214,066
Cumulative foreign currency translation reserve		(377,283)	(470,351)	(295,169)
Deficit on treasury shares' activity	21	(2,446,798)	(2,446,798)	10,166,079
Less: Treasury shares	21	(84,210,286)	(84,210,286)	(134,915,772)
Total equity attributable to the owners of the parent		1,951,915,094	1,908,885,512	1,935,379,387
Non-controlling interest	22	(1,085,732)	(729,386)	(313,976)
Total Equity		<u>1,950,829,362</u>	<u>1,908,156,126</u>	<u>1,935,065,411</u>
Total Liabilities and Shareholders' Equity		<u>2,873,497,615</u>	<u>2,835,867,354</u>	<u>2,768,899,459</u>

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to Note 2.1.

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<u>Notes</u>	<u>Year Ended</u> <u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
		<u>US\$</u>	<u>(Restated)*</u> <u>US\$</u>
Revenues from land sales		94,890,673	49,580,377
Revenues from rented properties		51,570,889	54,320,884
Revenues from rendered services	23	8,036,551	6,521,762
Revenues from hospitality		<u>4,453,119</u>	<u>6,593,970</u>
Total revenues		<u>158,951,232</u>	<u>117,016,993</u>
Cost of land sales		(18,660,599)	(7,122,763)
Depreciation of and charges on rented properties	24	(21,440,425)	(25,050,631)
Cost of rendered services	25	(6,399,310)	(7,235,784)
Cost of hospitality		<u>(7,199,885)</u>	<u>(10,590,675)</u>
Total cost of revenues		<u>(53,700,219)</u>	<u>(49,999,853)</u>
Gain on sale and disposal of investment properties	11	<u>4,234,383</u>	<u>4,376,528</u>
Net revenues from operations		109,485,396	71,393,668
Share of results of associates and joint ventures	12	294,112	2,556,581
General and administrative expenses	26	(30,911,096)	(36,714,898)
Depreciation of fixed assets	13	(6,567,904)	(8,128,507)
Write-back of provision for receivable, net	9	417,209	-
Provision for contingencies	15	(2,300,000)	(7,986,410)
Provision for impairment of fixed assets	13	(3,000,000)	-
Other expenses	28	(3,803,874)	(233,883)
Other income		827,706	552,155
Taxes, fees and stamps	15(c)	(2,333,352)	(3,815,872)
Interest income	27	18,919,557	30,253,090
Interest expense	29	(31,716,707)	(27,147,580)
Loss on exchange		<u>(962,094)</u>	<u>(1,171,389)</u>
Profit before tax		48,348,953	19,556,955
Income tax expense	15	<u>(5,768,785)</u>	<u>(2,322,812)</u>
Profit for the year		<u>42,580,168</u>	<u>17,234,143</u>
Basic/diluted earnings per share	30	<u>0.2659</u>	<u>0.1085</u>
Attributable to:			
Equity owners of the parent		42,936,514	17,649,553
Non-controlling interest		<u>(356,346)</u>	<u>(415,410)</u>
Profit for the year		<u>42,580,168</u>	<u>17,234,143</u>

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to Note 2.1

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

**THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year Ended December 31,	
	Notes	2013	2012
		US\$	(Restated)*
		US\$	US\$
Profit for the year		42,580,168	17,234,143
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation reserve	12	93,068	(175,182)
Income tax effect		-	-
Other comprehensive income/(loss) for the year		93,068	(175,182)
Total comprehensive income		42,673,236	17,058,961
Attributable to:			
Equity owners of the parent		43,029,582	17,474,371
Non-controlling interest		(356,346)	(415,410)
		42,673,236	17,058,961

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to Note 2.1

THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Total Equity Attributable to Owners of the Parent</u>								
	<u>Share Capital</u> US\$	<u>Legal Reserve</u> US\$	<u>Retained Earnings</u> US\$	<u>Cumulative Foreign Currency Translation Reserve</u> US\$	<u>(Deficit) Surplus on Treasury Shares' Activity</u> US\$	<u>Treasury Shares</u> US\$	<u>Total</u> US\$	<u>Non-Controlling Interest</u> US\$	<u>Total</u> US\$
Balance at December 31, 2011									
before restatement	1,650,000,000	148,210,183	263,104,931	(295,169)	10,166,079	(134,915,772)	1,936,270,252	(313,976)	1,935,956,276
Impact of IFRS 11									
implementation	-	-	(890,865)	-	-	-	(890,865)	-	(890,865)
Balance at December 31, 2011									
(Restated)*	1,650,000,000	148,210,183	262,214,066	(295,169)	10,166,079	(134,915,772)	1,935,379,387	(313,976)	1,935,065,411
Allocation to legal reserve from									
2012 profit	-	2,201,613	(2,201,613)	-	-	-	-	-	-
Total comprehensive income	-	-	17,649,553	(175,182)	-	-	17,474,371	(415,410)	17,058,961
Dividends - Note 16 and 21	-	-	(82,060,855)	-	(12,612,877)	50,705,486	(43,968,246)	-	(43,968,246)
Balance at December 31, 2012	1,650,000,000	150,411,796	195,601,151	(470,351)	(2,446,798)	(84,210,286)	1,908,885,512	(729,386)	1,908,156,126
Allocation to legal reserve from									
2013 profit	-	3,968,213	(3,968,213)	-	-	-	-	-	-
Total comprehensive income	-	-	42,936,514	93,068	-	-	43,029,582	(356,346)	42,673,236
Balance at December 31, 2013	<u>1,650,000,000</u>	<u>154,380,009</u>	<u>234,569,452</u>	<u>(377,283)</u>	<u>(2,446,798)</u>	<u>(84,210,286)</u>	<u>1,951,915,094</u>	<u>(1,085,732)</u>	<u>1,950,829,362</u>

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THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.
CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Notes</u>	<u>Year Ended</u> <u>December 31,</u>	
		<u>2013</u> <u>US\$</u>	<u>2012</u> <u>(Restated)*</u> <u>US\$</u>
Cash flows used in operating activities:			
Profit for the year before income tax		48,348,953	19,556,955
Adjustments to reconcile profit to net cash used in operating activities:			
Depreciation	31(a)	15,663,839	17,289,286
Gain on sale of investment properties	11	(4,234,383)	(4,376,528)
Loss on sale of fixed assets	28	441,154	526
Provision for end-of-service net indemnity	15(d)	830,036	2,343,146
Provision for contingencies	15(e)	2,300,000	7,986,410
Provision for impairment of fixed assets	13	3,000,000	-
Additional tax assessment	15(c)	-	2,500,000
Write-back of provision for receivables		(417,209)	-
Share of result of associates and joint ventures	12	(294,112)	(2,556,581)
Write-off of hospitality projects' costs	28	1,026,435	-
Interest income	27	(18,919,557)	(30,253,090)
Interest expense	31(b)	34,636,870	30,165,687
Changes in working capital:			
Prepayments and other debit balances		16,772,106	9,132,596
Accounts and notes receivable		110,951,320	(1,410,686)
Inventory of land and projects in progress	31(c)	(71,923,035)	(82,963,423)
Accounts payable and other liabilities		(773,839)	(14,158,818)
Deferred revenues and other credit balances	31(f)	(6,675,724)	5,256,996
Interest received		7,928,088	13,681,107
Income tax paid		(2,322,812)	(24,691,842)
Net cash provided by/(used in) operating activities		<u>136,338,130</u>	<u>(52,498,259)</u>
Cash flows provided by/(used in) investing activities:			
Investment in asset-backed securities		(80,601,126)	-
Short term deposits		(2,000,000)	1,353,808
Acquisition of fixed assets	13&31	(2,404,854)	(8,459,700)
Acquisition of investment properties	11&31	(5,959,429)	(1,785,207)
Proceeds from sale of investment properties	11	6,575,998	6,129,001
Proceeds from sale of fixed assets	13	377,222	1,153,929
Investment in associates and joint ventures	12	(4,877)	6,444,057
Net cash (used in)/provided by investing activities		<u>(84,017,066)</u>	<u>4,835,888</u>
Cash flows used in financing activities:			
Term bank loans		83,281,887	(56,944)
Dividends paid	16	(12,290,819)	(44,735,908)
Treasury shares		-	(4,652,007)
Interest paid		(29,953,791)	(25,837,052)
Short and medium term facilities		(136,984,987)	40,741,321
Net cash used in financing activities		<u>(95,947,710)</u>	<u>(34,540,590)</u>
Net change in cash and cash equivalents	31(g)	(43,626,646)	(82,202,961)
Cash and cash equivalents -- Beginning of the year		<u>(11,450,311)</u>	<u>70,752,650</u>
Cash and cash equivalents -- End of the year	31(g)	<u>(55,076,957)</u>	<u>(11,450,311)</u>

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THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS