

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, 2014, 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.

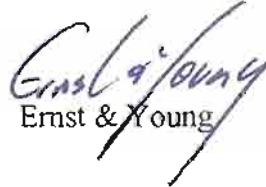
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 18, 2015


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>2014</u>	<u>2013</u>
		<u>US\$</u>	<u>US\$</u>
Cash and bank balances	6	158,705,194	176,715,685
Prepayments and other debit balances	7	43,261,042	52,445,036
Accounts and notes receivable, net	8	552,290,794	435,196,235
Investment in asset-backed securities	9	72,768,003	80,601,126
Inventory of land and projects in progress	10	1,128,277,351	1,143,676,320
Investment properties, net	11	578,860,903	564,680,342
Investment in associates and joint ventures	12	374,900,423	356,086,977
Fixed assets, net	13	<u>55,022,732</u>	<u>64,095,894</u>
Total Assets		<u>2,964,086,442</u>	<u>2,873,497,615</u>
 <u>LIABILITIES</u>			
Bank overdrafts, short and medium term facilities	14	548,575,050	552,811,406
Accounts payable and other liabilities	15	111,491,349	114,911,477
Dividends payable	16	63,681,032	66,485,375
Deferred revenue and other credit balances	17	65,666,386	55,235,052
Term bank loans	18	<u>110,080,567</u>	<u>133,224,943</u>
Total Liabilities		<u>899,494,384</u>	<u>922,668,253</u>
 <u>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
65,000,000 class (B) shares		<u>650,000,000</u>	<u>650,000,000</u>
		1,650,000,000	1,650,000,000
Legal reserve		164,070,347	154,380,009
Retained earnings	20	337,497,132	234,569,452
Cumulative foreign currency translation reserve		(318,337)	(377,283)
Deficit on treasury shares' activity		(2,446,798)	(2,446,798)
Less: Treasury shares	21	<u>(84,210,286)</u>	<u>(84,210,286)</u>
Total equity attributable to the owners of the parent		2,064,592,058	1,951,915,094
Non-controlling interests	22	<u>-</u>	<u>(1,085,732)</u>
Total Equity		<u>2,064,592,058</u>	<u>1,950,829,362</u>
Total Liabilities and Shareholders' Equity		<u>2,964,086,442</u>	<u>2,873,497,615</u>

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

	Notes	Year Ended	
		December 31,	
		2014	2013
		US\$	US\$
Revenues from land sales		169,473,806	94,890,673
Revenues from rented properties		61,478,042	54,877,839
Revenues from rendered services	23	6,075,729	8,036,551
Revenues from hospitality		<u>1,987,400</u>	<u>4,453,119</u>
Total revenues		<u>239,014,977</u>	<u>162,258,182</u>
Cost of land sales		(28,417,648)	(18,660,599)
Depreciation of and charges on rented properties	24	(25,491,359)	(21,440,425)
Cost of rendered services	25	(5,210,236)	(6,399,310)
Cost of hospitality		<u>(3,804,210)</u>	<u>(7,199,885)</u>
Total cost of revenues		<u>(62,923,453)</u>	<u>(53,700,219)</u>
Gain on sale and disposal of investment properties	11	<u>4,504,635</u>	<u>4,234,383</u>
Net revenues from operations		180,596,159	112,792,346
Share of results of associates and joint ventures	12	18,754,500	294,112
General and administrative expenses	26	(34,312,427)	(30,911,096)
Depreciation of fixed assets	13	(5,821,948)	(6,567,904)
Write-back of provisions for receivable, net	9	-	417,209
Write-back of provision for end-of-service indemnity	15(d)	3,475,544	-
Write-off of receivables	8	(3,188,017)	(1,306,950)
Loss on rescheduled receivables	8	(5,925,711)	-
Provision for contingencies	15(e)	(800,000)	(2,300,000)
Provision for impairment of fixed assets	13	(3,927,655)	(3,000,000)
Provision for impairment of other debit balances	7	(2,100,000)	(2,000,000)
Other expense	28	(352,769)	(3,803,874)
Other income		700,273	827,706
Taxes, fees and stamps	15(c)	(596,438)	(2,333,352)
Interest income	27	19,693,391	18,919,557
Interest expense	29	(34,046,101)	(31,716,707)
Loss on exchange		<u>(1,125,424)</u>	<u>(962,094)</u>
Profit before tax		131,023,377	48,348,953
Income tax expense	15	<u>(17,319,627)</u>	<u>(5,768,785)</u>
Profit for the year		<u>113,703,750</u>	<u>42,580,168</u>
Basic/diluted earnings per share	30	<u>0.7100</u>	<u>0.2659</u>
Attributable to:			
Equity owners of the parent		113,703,750	42,936,514
Non-controlling interest		<u>-</u>	<u>(356,346)</u>
Profit for the year		<u>113,703,750</u>	<u>42,580,168</u>

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**

	<u>Notes</u>	<u>Year Ended December 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>US\$</u>	<u>US\$</u>
Profit for the year		<u>113,703,750</u>	<u>42,580,168</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation reserve	12	<u>58,946</u>	<u>93,068</u>
Other comprehensive income for the year		<u>58,946</u>	<u>93,068</u>
Total comprehensive income		<u>113,762,696</u>	<u>42,673,236</u>
Attributable to:			
Equity owners of the parent		113,762,696	43,029,582
Non-controlling interests		<u>-</u>	<u>(356,346)</u>
		<u>113,762,696</u>	<u>42,673,236</u>

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 CHANGES IN EQUITY**

	<u>Total Equity Attributable to Owners of the Parent</u>						<u>Non-Controlling Interest</u>	<u>Total</u>	
	<u>Share Capital</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Cumulative Foreign Currency Translation Reserve</u>	<u>Deficit on Treasury Shares' Activity</u>	<u>Treasury Shares</u>			<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Balance at January 1, 2013	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	1,650,000,000	154,380,009	234,569,452	(377,283)	(2,446,798)	(84,210,286)	1,951,915,094	(1,085,732)	1,950,829,362
Allocation to legal reserve from 2014 profit	-	9,690,338	(9,690,338)	-	-	-	-	-	-
Total comprehensive income	-	-	113,703,750	58,946	-	-	113,762,696	-	113,762,696
Acquisition of additional stake in consolidated subsidiaries	-	-	(1,085,732)	-	-	-	(1,085,732)	1,085,732	-
Balance at December 31, 2014	<u>1,650,000,000</u>	<u>164,070,347</u>	<u>337,497,132</u>	<u>(318,337)</u>	<u>(2,446,798)</u>	<u>(84,210,286)</u>	<u>2,064,592,058</u>	<u>-</u>	<u>2,064,592,058</u>

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**

	Notes	Year Ended	
		December 31,	
		2014	2013
		US\$	US\$
Cash flows provided by operating activities:			
Profit for the year before income tax		131,023,377	48,348,953
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	31(a)	17,304,267	15,663,839
Gain on sale of investment properties	11	(4,504,635)	(4,234,383)
Loss on sale of fixed assets	28	158,838	441,154
Provision for end-of-service net indemnity	15(d)	819,528	830,036
Provision for contingencies	15(e)	800,000	2,300,000
Provision for impairment of fixed assets	13	3,927,655	3,000,000
Write-back of provision for end-of-service indemnity	15 (c)	(3,475,544)	-
Write-back of provision for receivables	9	-	(417,209)
Provision for impairment of other debit balances	7	2,100,000	2,000,000
Write-off of receivables	8	3,188,017	1,306,950
Loss on rescheduled receivables	8	5,925,711	-
Share of result of associates and joint ventures	12	(18,754,500)	(294,112)
Write-off of hospitality projects' costs	28	-	1,026,435
Interest income	27	(19,693,391)	(18,919,557)
Interest expense	31(b)	35,140,030	34,636,870
Changes in working capital:			
Prepayments and other debit balances		17,202,949	13,465,156
Accounts and notes receivable		(123,820,895)	110,951,320
Inventory of land and projects in progress	31(c)	(11,762,097)	(71,923,035)
Accounts payable and other liabilities		(14,768,052)	(773,839)
Deferred revenues and other credit balances		7,029,859	(6,675,724)
Interest received		10,588,519	7,928,088
Income tax paid		(6,061,382)	(2,322,812)
Net cash provided by operating activities		<u>32,368,254</u>	<u>136,338,130</u>
Cash flows provided by/(used in) investing activities:			
Investment in asset-backed securities		7,833,123	(80,601,126)
Short term deposits		2,000,000	(2,000,000)
Acquisition of fixed assets	13	(1,031,420)	(2,404,854)
Acquisition of investment properties	11&31	(1,507,148)	(5,959,429)
Proceeds from sale of investment properties	11	6,416,040	6,575,998
Proceeds from sale of fixed assets	13	196,141	377,222
Investment in associates and joint ventures	12	-	(4,877)
Net cash provided by/(used in) investing activities		<u>13,906,736</u>	<u>(84,017,066)</u>
Cash flows used in financing activities:			
Term bank loans		(23,144,375)	83,281,887
Dividends paid	16	(2,804,343)	(12,290,819)
Interest paid		(32,100,407)	(29,953,791)
Short and medium term facilities		(12,020,416)	(136,984,987)
Net cash used in financing activities		<u>(70,069,541)</u>	<u>(95,947,710)</u>
Net change in cash and cash equivalents		(23,794,551)	(43,626,646)
Cash and cash equivalents -- Beginning of the year	31(f)	(55,076,957)	(11,450,311)
Cash and cash equivalents -- End of the year	31(f)	<u>(78,871,508)</u>	<u>(55,076,957)</u>

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