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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. and its Subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2007, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management and Directors' Responsibility for the Financial Statements

Management and Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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.

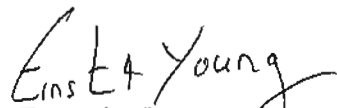
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the 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, 2007, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
March 31, 2008


Deloitte & Touche


Ernst & Young

THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION
OF BEIRUT CENTRAL DISTRICT S.A.L.
CONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	<u>Notes</u>	<u>December 31,</u>	
		<u>2007</u>	<u>2006</u>
		<u>US\$</u>	<u>US\$</u>
Cash and bank balances	7	327,847,633	106,202,604
Prepayments and other debit balances	8	34,449,004	28,253,397
Accounts and notes receivable, net	9	318,734,724	348,942,550
Investment securities	10	10,063,020	8,610,673
Inventory of land and projects in progress	11	1,404,710,655	1,457,804,977
Investment properties, net	12	150,349,040	150,651,813
Investment in an associate	13	287,458,659	-
Fixed assets, net	14	<u>35,641,877</u>	<u>26,115,483</u>
Total Assets		<u>2,569,254,612</u>	<u>2,126,581,497</u>
 <u>LIABILITIES</u> 			
Bank overdrafts and short term facilities	15	181,186,491	48,362,001
Accounts payable and other liabilities	16	99,357,927	83,323,709
Dividends payable	17	46,212,797	30,877,712
Deferred revenues and other credit balances	18	233,147,452	168,305,793
Deferred credits under structured contracts	19	170,280,000	-
Loans from banks and financial institutions	20	<u>7,041,163</u>	<u>27,062,700</u>
Total Liabilities		<u>737,225,830</u>	<u>357,931,915</u>
 <u>EQUITY</u> 			
Issued capital at par value US\$10 per share:	21		
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	22	75,543,036	59,935,830
Retained earnings		263,175,988	209,685,044
Cumulative changes in fair value of available-for-sale securities	10	147,492	38,760
Surplus on sale of treasury shares		11,653,751	11,653,751
<u>Less: Treasury shares</u>	23	<u>(168,491,485)</u>	<u>(162,663,803)</u>
Total Equity		<u>1,832,028,782</u>	<u>1,768,649,582</u>
Total Liabilities and Equity		<u>2,569,254,612</u>	<u>2,126,581,497</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 INCOME STATEMENT

	<u>Notes</u>	<u>Year Ended</u> <u>December 31,</u>	
		<u>2007</u>	<u>2006</u>
		US\$	US\$
Revenues from land and real estate sales		288,467,975	253,344,014
Revenues from rented properties		20,775,368	20,719,451
Revenues from project management and consulting services		690,845	2,066,977
Cost of land and real estate sales		(114,089,596)	(114,584,398)
Charges on rented properties	24	(7,070,296)	(6,457,583)
Cost related to project management and consulting services		(86,127)	(1,831,969)
(Loss)/gain on sale of investment properties	12	(824,099)	264,974
Net revenues from operations		187,864,070	153,521,466
Share result from an associate	13	68,030,929	-
General and administrative expenses	25	(18,086,723)	(14,304,800)
Depreciation of fixed assets	14	(1,494,267)	(1,699,106)
Provision against land development cost	11	(7,882,327)	(3,036,061)
Other taxes	16	(670,059)	(1,319,859)
Provision for doubtful receivables	9	(314,962)	-
Other expense, net	26	(1,854,289)	-
Interest income	27	40,151,525	27,211,687
Interest expense		(15,885,954)	(7,173,307)
Profit before tax		249,857,943	153,200,020
Income tax expense	16	(25,666,091)	(21,033,071)
Profit for the year		<u>224,191,852</u>	<u>132,166,949</u>
Basic/diluted earnings per share	28	<u>1.4450</u>	<u>0.8375</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
YEAR ENDED DECEMBER 31, 2007

	Share Capital US\$	Legal Reserve US\$	Treasury Shares US\$	Retained Earnings US\$	Cumulative Changes in Fair Value of Interest Rate Swap Agreement US\$	Cumulative Changes in Fair Value of Available-for-sale- Securities US\$	Surplus on Sale of Treasury Shares US\$	Total US\$
Balance at December 31, 2005	1,650,000,000	46,717,354	(38,540,193)	185,567,677	(861,982)	(233,180)	2,508,180	1,845,157,856
Profit for the year - 2006	-	-	-	132,166,949	-	-	-	132,166,949
Change in fair value of interest rate swap agreement	-	-	-	-	861,982	-	-	861,982
Change in fair value of available-for-sale securities	-	-	-	-	-	271,940	-	271,940
Total result of the year	-	-	-	132,166,949	861,982	271,940	-	133,300,871
Surplus on sale of treasury shares	-	-	-	-	-	-	9,145,571	9,145,571
Allocation to legal reserve from 2006 profit	-	13,218,476	-	(13,218,476)	-	-	-	-
Treasury shares trade	-	-	(124,123,610)	-	-	-	-	(124,123,610)
Dividends - Note 17	-	-	-	(94,831,106)	-	-	-	(94,831,106)
Balance at December 31, 2006	1,650,000,000	59,935,830	(162,663,803)	209,685,044	-	38,760	11,653,751	1,768,649,582
Profit for the year - 2007	-	-	-	224,191,852	-	-	-	224,191,852
Change in fair value of available-for-sale securities	-	-	-	-	-	108,732	-	108,732
Total result of the year	-	-	-	224,191,852	-	108,732	-	224,300,584
Allocation to legal reserve from 2007 profit	-	15,607,206	-	(15,607,206)	-	-	-	-
Treasury shares trade	-	-	(5,827,682)	-	-	-	-	(5,827,682)
Dividends - Note 17	-	-	-	(155,093,702)	-	-	-	(155,093,702)
Balance at December 31, 2007	<u>1,650,000,000</u>	<u>75,543,036</u>	<u>(168,491,485)</u>	<u>263,175,988</u>	<u>-</u>	<u>147,492</u>	<u>11,653,751</u>	<u>1,832,028,782</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 CASH FLOW STATEMENT**

	<u>Notes</u>	<u>Year Ended December 31,</u>	
		<u>2007</u>	<u>2006</u>
		<u>US\$</u>	<u>US\$</u>
Cash flows from operating activities:			
Profit for the year before income tax		249,857,943	153,200,020
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	29	4,340,875	4,577,012
Loss/(gain) on sale of investment properties	12	824,099	(264,974)
Loss on sale of fixed assets		120,882	-
Provision for doubtful receivables	9	314,962	-
Provision for contingencies and other charges	16(d)	2,876,491	837,921
Share result from an associate	13	(68,030,929)	-
Interest income	27	(40,151,525)	(27,211,687)
Interest expense	29	16,524,567	8,153,514
Changes in fair value of interest rate swap agreement		-	1,012,279
Changes in working capital:			
Prepayments and other debit balances	8(b)	3,234,418	5,660,430
Accounts and notes receivable	29	29,829,496	(76,482,211)
Inventory of land and projects in progress	29	35,649,881	70,497,438
Accounts payable and other liabilities	29	(3,160,065)	4,166,342
Deferred revenues and other credit balances	8(b)	64,841,659	113,206,367
Interest received		30,721,497	18,877,780
Income tax paid		(21,156,116)	(17,159,028)
Net cash provided by operating activities		<u>306,638,135</u>	<u>259,071,203</u>
Cash flows from investing activities:			
Pledged term deposits with banks		18,434,911	3,865,440
Investment securities	29	(1,324,427)	1,288,697
Receivable from recuperated properties	29	217,008	413,000
Acquisition of fixed assets	14&29	(4,633,587)	(2,426,067)
Acquisition of investment properties	12	(378,731)	(467,206)
Proceeds from sale of fixed assets		250,001	-
Proceeds from sale of investment properties	12	7,697,283	960,446
Investment in an associate	13	(219,427,730)	-
Net cash (used in)/provided by investing activities		<u>(199,165,272)</u>	<u>3,634,310</u>
Cash flows from financing activities:			
Bank loans (settlement)		(20,021,537)	(102,336,359)
Dividends paid	17	(132,003,932)	(74,220,101)
Deferred credits under structured contracts	19	170,280,000	-
Treasury shares		(5,981,322)	(136,294,710)
Proceeds from sales of treasury shares		-	17,714,145
Interest paid		(12,490,622)	(7,377,811)
Net cash used in financing activities		<u>(217,413)</u>	<u>(302,514,836)</u>
Net change in cash and cash equivalents		107,255,450	(39,809,323)
Cash and cash equivalents -- Beginning of the year		32,220,220	72,029,543
Cash and cash equivalents -- End of the year	29	<u>139,475,670</u>	<u>32,220,220</u>

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