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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 separate financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. (Solidere), which comprise the statement of financial position as at December 31, 2014, and the 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 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.

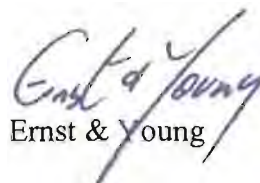
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate 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. (Solidere) as of December 31, 2014, and its financial performance and 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.
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	5	147,205,887	164,869,359
Prepayments and other debit balances	6	48,432,480	56,397,224
Accounts and notes receivable, net	7	552,290,794	435,196,235
Investment in asset-backed securities	8	72,768,003	80,601,126
Inventory of land and projects in progress	9	1,128,277,351	1,143,676,320
Investment properties, net	10	578,860,903	564,680,342
Investments in joint ventures, subsidiaries and associates	11	283,639,206	286,769,239
Fixed assets, net	12	<u>49,038,497</u>	<u>51,681,135</u>
Total Assets		<u>2,860,513,121</u>	<u>2,783,870,980</u>
<u>LIABILITIES</u>			
Bank overdrafts, short and medium term facilities	13	546,577,000	550,203,396
Accounts payable and other liabilities	14	107,053,126	110,662,985
Dividends payable	15	63,681,032	66,485,375
Deferred revenues and other credit balances	16	65,666,386	55,235,052
Term bank loans	17	<u>102,602,265</u>	<u>123,254,236</u>
Total Liabilities		<u>885,579,809</u>	<u>905,841,044</u>
<u>EQUITY</u>			
Issued capital at par value US\$10 per share:	18		
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	19	163,240,038	153,549,700
Retained earnings		248,350,358	161,137,320
Deficit on treasury shares' activity	20	(2,446,798)	(2,446,798)
<u>Less: Treasury shares</u>	20	<u>(84,210,286)</u>	<u>(84,210,286)</u>
Total Equity		<u>1,974,933,312</u>	<u>1,878,029,936</u>
Total Liabilities and Equity		<u>2,860,513,121</u>	<u>2,783,870,980</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	<u>Notes</u>	<u>Year Ended</u>	
		<u>December 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>US\$</u>	<u>US\$</u>
Revenues from land sales		169,473,806	94,890,673
Revenues from rented properties		61,478,042	54,877,839
Revenues from rendered services	21	<u>6,071,422</u>	<u>8,262,455</u>
Total revenues		<u>237,023,270</u>	<u>158,030,967</u>
Cost of land sales		(28,417,648)	(18,660,599)
Depreciation of and charges on rented properties	22	(25,491,359)	(21,440,425)
Cost of rendered services	23	(5,159,791)	(6,934,448)
Total cost of revenue		<u>(59,068,798)</u>	<u>(47,035,472)</u>
Gain on sale and disposal of investment properties	10	<u>4,504,635</u>	<u>4,234,383</u>
Net revenues from operations		182,459,107	115,229,878
General and administrative expenses	24	(31,149,449)	(28,313,622)
Depreciation of fixed assets	12	(3,625,562)	(3,785,485)
Provision for impairment	6 & 11	(9,719,278)	(15,000,000)
Loss on rescheduled receivables	7	(5,925,711)	-
Write-off of receivables	7	(3,188,017)	(1,306,950)
Write-back of provision for receivables, net	7	-	417,209
Write-back of provision for end-of-service indemnity	14(d)	3,475,544	-
Provision for impairment of other debit balances	6	(2,100,000)	(2,000,000)
Provision for contingencies	14(e)	(800,000)	(2,300,000)
Other expense	27	(93,019)	(3,991,870)
Other income	25	457,536	554,071
Taxes, fees and stamps	14(c)	(577,126)	(963,425)
Interest income	26	19,438,773	18,640,676
Interest expense	28	(33,307,165)	(30,784,354)
Loss on exchange		<u>(1,122,630)</u>	<u>(945,208)</u>
Profit before tax		114,223,003	45,450,920
Income tax expense	14 (c)	<u>(17,319,627)</u>	<u>(5,768,785)</u>
Profit for the year		96,903,376	39,682,135
Other comprehensive income		-	-
Total comprehensive income for the year		<u>96,903,376</u>	<u>39,682,135</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	<u>Share Capital</u> US\$	<u>Legal Reserve</u> US\$	<u>Retained Earnings</u> US\$	<u>Deficit on Treasury Shares' activity</u> US\$	<u>Treasury Shares</u> US\$	<u>Total</u> US\$
Balance at January 1, 2013	1,650,000,000	149,581,487	125,423,398	(2,446,798)	(84,210,286)	1,838,347,801
Total comprehensive income for the year 2013	-	-	39,682,135	-	-	39,682,135
Allocation to legal reserve from 2013 profit	-	3,968,213	(3,968,213)	-	-	-
Balance at December 31, 2013	1,650,000,000	153,549,700	161,137,320	(2,446,798)	(84,210,286)	1,878,029,936
Total comprehensive income for the year 2014	-	-	96,903,376	-	-	96,903,376
Allocation to legal reserve from 2014 profit	-	9,690,338	(9,690,338)	-	-	-
Balance at December 31, 2014	<u>1,650,000,000</u>	<u>163,240,038</u>	<u>248,350,358</u>	<u>(2,446,798)</u>	<u>(84,210,286)</u>	<u>1,974,933,312</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	Notes	Year Ended December 31,	
		2014 US\$	2013 US\$
Cash flows from operating activities:			
Profit for the year before income tax		114,223,003	45,450,920
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	29(a)	15,107,881	12,881,420
Gain on sale and disposal of investment properties	10	(4,504,635)	(4,234,383)
(Gain)/loss on sale of fixed assets	25&27	(21,794)	(37,404)
Provision for end-of-service indemnity and other charges	14(d)	817,579	816,534
Provision for impairment	6&11	9,719,278	15,000,000
Provision for contingencies	14(e)	800,000	2,300,000
Write back of provision for receivables	7(c)	-	(417,209)
Write-back of provision for end-of-service indemnity	27	(3,475,544)	1,663,861
Provision for impairment of other debit balances	6	2,100,000	2,000,000
Loss on rescheduled receivables	7	5,925,711	-
Write-off of receivables	7	3,188,017	1,306,950
Interest income	26	(19,438,773)	(18,640,676)
Interest expense	29(b)	34,401,093	33,704,517
Changes in working capital:			
Prepayments and other debit balances	6&29(e)	14,483,699	11,162,804
Accounts and notes receivable	7	(123,820,895)	110,951,320
Inventory of land and projects in progress	29(c)	(11,762,097)	(71,923,035)
Accounts payable and other liabilities	29	(13,668,413)	(541,115)
Deferred revenues and other credit balances	29(e)	7,029,854	(6,675,724)
Interest received		10,333,906	7,649,207
Taxes paid		(7,348,801)	(2,322,812)
Net cash provided by/(used in) operating activities		<u>34,089,069</u>	<u>140,095,175</u>
Cash flows from investing activities:			
Short term deposits		2,000,000	(2,000,000)
Acquisition of fixed assets	12&29	(1,008,630)	(2,002,914)
Acquisition of investment properties	10&29	(1,507,149)	(5,959,429)
Proceeds from sale of investment properties	10	6,416,041	6,575,998
Proceeds from sale of fixed assets	12	47,500	120,379
Investments in joint ventures, subsidiaries and associates	11	(5,089,245)	(7,103,757)
Investment in asset-backed securities		<u>7,833,123</u>	<u>(80,601,126)</u>
Net cash used in investing activities		<u>8,691,640</u>	<u>(90,970,849)</u>
Cash flows from financing activities:			
Term bank loans	17	(20,651,971)	85,754,236
Dividends paid	15	(2,804,343)	(12,290,819)
Interest paid		(31,361,471)	(29,021,438)
Bank short and medium term facilities	13	(12,020,416)	(136,984,987)
Net cash used in financing activities		<u>(66,838,201)</u>	<u>(92,543,008)</u>
Net change in cash and cash equivalents	29(f)	(24,057,492)	(43,418,682)
Cash and cash equivalents--Beginning of the year		<u>(64,315,273)</u>	<u>(20,896,591)</u>
Cash and cash equivalents--End of the year	29(f)	<u>(88,372,765)</u>	<u>(64,315,273)</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS