RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Rasamny Younis Motor Co. S.A.L.
Beirut, Lebanon

We have audited the accompanying consolidated financial statements of Rasamny Younis Motor Co. S.A.L. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2015, consolidated statement of profit or loss, consolidated statement of profit or loss other comprehensive income, consolidated statement of changes in equity and consolidated 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. Except as discussed in paragraph (a) below, 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 consolidated 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.

(a) The financial information included in the accompanying consolidated financial statements in respect to Rakha Trading L.L.C. and representing total assets constituting 1% of total group assets on which, we were not able to perform the necessary audit procedures and ascertain their validity and completeness as required by International Standards on Auditing.

Opinion:

In our opinion, and except for the effect of such adjustment if any, as might have been determined to be necessary, had we been able to satisfy ourselves with respect to the matter discussed in paragraph (a) above, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rasamny Younis Motor Co. S.A.L. and its subsidiaries as of December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
August 25, 2016

Deloitte & Touche
Deloitte & Touche

RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	December 31, 2015 LBP'000	December 31, 2014 LBP'000
Current Assets:			
Cash and banks	5	54,932,998	25,899,771
Notes and accounts receivable – current	6	70,395,832	57,883,401
Receivable from discontinued operations	22	1,007,507	1,056,829
Due from related parties – current	7	1,279,151	2,374,056
Inventories	8	82,338,221	84,194,587
Prepayments and other assets	9	11,257,065	11,191,577
Total current assets		221,210,774	182,600,221
Non-Current Assets:			
Notes and accounts receivable – non-current	6	28,680,111	27,185,455
Due from related parties – non-current	7	13,168,948	9,271,182
Investment in equity securities		477,543	707,625
Investment in associate	10	802,851	603,000
Property and equipment	11	49,300,033	48,935,555
Intangible assets		248,333	248,333
Total non-current assets		92,677,819	86,951,150
Total Assets		313,888,593	269,551,371
LIABILITIES			
Current Liabilities:			
Banks borrowings – current	12	59,677,819	57,622,977
Current portion of long term loans	12	-	199,919
Liabilities under acceptances and trade payables	13	129,800,798	107,803,236
Due to related parties	7	5,965,692	5,298,551
Accrued expenses and other liabilities	14	34,271,038	15,175,101
Total current liabilities		229,715,347	186,099,784
Non-Current Liabilities:			
Banks borrowings – non-current	12	3,102,125	4,533,875
Provision for employees' end-of-service indemnity	15	1,730,323	1,326,883
Other non-current liabilities		148,187	1,403,767
Total non-current liabilities		4,980,635	7,264,525
Total Liabilities		234,695,982	193,364,309
EQUITY			
Capital	16	27,300,000	27,300,000
Legal reserve		9,100,000	9,100,000
Cumulative change in fair value of available-for-sale securities		40,000	40,000
Retained earnings		39,733,560	39,069,308
Profit for the year		9,062,905	4,352,594
Cumulative foreign currency translation reserve		(4,881,933)	(3,839,663)
Equity attributable to owners of the Group		80,354,532	76,022,239
Non-controlling interests		(1,161,921)	164,823
Total Equity		79,192,611	76,187,062
Total Liabilities and Equity		313,888,593	269,551,371

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Continuing Operations:			
Net Sales	17	345,803,505	267,013,502
Cost of sales	17	(303,619,807)	(232,587,246)
Gross profit		42,183,698	34,426,256
Other revenues		4,509,780	3,225,420
Gain on sale of share in associate	10	158,964	-
		46,852,442	37,651,676
General and administrative expenses	18	(10,816,081)	(10,884,106)
Advertising and selling expenses		(4,728,190)	(4,835,697)
Salaries, wages and related charges	19	(13,773,794)	(13,681,302)
Depreciation	11	(3,065,881)	(2,257,578)
Net interest expenses and financial charges	20	(3,184,196)	(1,891,047)
Provision for doubtful debts	6	(603,000)	-
Provision for slow moving inventories	8	(612,958)	-
Provision for credit losses	6	-	(97,905)
Exchange gain, net		646,595	783,994
Other expenses, net		(535,464)	(732,372)
		(36,672,969)	(33,596,013)
Profit for the year before income tax		10,179,473	4,055,663
Income tax expense	21	(1,701,692)	(453,332)
Net profit for the year from continuing operations		8,477,781	3,602,331
Discontinued Operations:			
Gain on discontinued operations	22	-	25,124
Operating profit for the year from discontinued operation		385,859	18,475
Profit for the year from discontinued operation	22	385,859	43,599
Profit for the year		8,863,640	3,645,930
Attributable to:			
Equity owners of the Group		9,062,905	4,352,594
Non-controlling interests		(199,265)	(706,664)
		8,863,640	3,645,930

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year Ended December 31,	
	2015	**2014**
	LBP'000	**LBP'000**
Profit for the year	8,863,640	3,645,930
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(3,066,010)	(2,311,090)
Total other comprehensive loss	(3,066,010)	(2,311,090)
Total comprehensive income for the year	5,797,630	1,334,840
Attributable to:		
Equity owners of the Group	8,020,635	2,527,055
Non-controlling interests	(2,223,005)	(1,192,215)
	5,797,630	1,334,840

RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital LBP'000	Legal Reserve LBP'000	Change in Fair Value of Available for Sale Securities LBP'000	Cumulative Translation Reserve LBP'000	Retained Earnings LBP'000	Attributable to Equity Holders of the Group LBP'000	Non-Controlling Interests LBP'000	Total LBP'000
Balance January 1, 2014	27,300,000	9,100,000	40,000	(2,014,124)	42,906,476	77,332,352	1,011,414	78,343,766
Dividends declared - Note 14	-	-	-	-	(3,767,400)	(3,767,400)	-	(3,767,400)
Prior years tax assessment - Note 25	-	-	-	-	(718,631)	(718,631)	-	(718,631)
Total comprehensive income for the year	-	-	-	(1,825,539)	4,352,594	2,527,055	(1,192,215)	1,334,840
Difference in exchange	-	-	-	-	560,856	560,856	345,624	906,480
Other movement	-	-	-	-	88,007	88,007	-	88,007
Balance December 31, 2014	27,300,000	9,100,000	40,000	(3,839,663)	43,421,902	76,022,239	164,823	76,187,062
Dividends declared - Note 14	-	-	-	-	(3,767,400)	(3,767,400)	-	(3,767,400)
Total comprehensive income for the year	-	-	-	(1,042,270)	9,062,905	8,020,635	(2,223,005)	5,797,630
Difference in exchange	-	-	-	-	134,909	134,909	918,170	1,053,079
Other movement	-	-	-	-	(55,851)	(55,851)	(21,909)	(77,760)
Balance December 31, 2015	27,300,000	9,100,000	40,000	(4,881,933)	48,796,465	80,354,532	(1,161,921)	79,192,611

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RASAMNY YOUNIS MOTOR CO. S.A.L. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31, 2015 LBP'000	2014 LBP'000
Cash flows from operating activities:			
Profit for the year		8,863,640	3,645,930
Adjustments for:			
Depreciation	11	3,065,881	2,257,578
Amortization		-	481
Provision for credit losses	6	603,000	97,905
Provision for employees' end-of-service indemnity	15	438,179	452,525
Provision for slow moving spare parts	8	612,958	-
Provision for contingencies		113,063	-
Gain on sale of investment in associate	10	(158,965)	-
(Gain)/Loss on disposal of property and equipment		(15,654)	95,912
Foreign currency translation adjustment		(1,012,586)	(289,714)
Other		(77,760)	88,007
		12,431,756	6,348,624
Increase in notes and accounts receivable		(15,977,580)	(10,685,240)
Increase in receivable from discontinued operations		-	(1,056,829)
Decrease in inventories		1,243,408	2,024,384
Increase in prepayments and other assets		(65,488)	(1,647,467)
Increase in liabilities under acceptances and trade payables		21,997,562	44,771,190
Increase in accrued expenses and other liabilities		19,076,533	3,627,686
Decrease in liabilities against notes receivable discounted with recourse		-	(85,626)
Settlements of employees' end-of-service indemnity and other provisions	15	(34,739)	(104,301)
Net cash provided by operating activities		38,671,452	43,192,421
Cash flows from investing activities:			
Acquisition of associate	10	-	(603,000)
Proceeds from sale of investment in associate	10	150,751	-
Proceeds from sale of investment in equity securities		230,082	-
Increase in cash collateral and blocked margin	5	(9,462,599)	(541,113)
Acquisition of intangible assets		-	(1,857)
Acquisition of property and equipment	11	(4,802,652)	(6,837,098)
Proceeds from sale of property and equipment		436,924	389,143
Net cash used in investing activities		(13,447,494)	(7,593,925)
Cash flows from financing activities:			
Dividends paid	14	(3,749,146)	(3,767,400)
Net change in related parties' accounts		(2,327,357)	(5,138,194)
Increase /(decrease) in banks borrowings and loans from banks		423,173	(15,310,674)
Net cash used in financing activities		(5,653,330)	(24,216,268)
Net increase in cash and cash equivalents		19,570,628	11,382,228
Cash and cash equivalents - Beginning of the year		25,166,260	13,784,032
Cash and cash equivalents - End of the year	5	44,736,888	25,166,260

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. FORMATION AND OBJECTIVE

Rasamny Younis Motor Co. S.A.L. (the Company) is a Lebanese Joint Stock Company, established on September 7, 1957 and registered in Baabda under the commercial registration N°. 22368. The Company is listed on Beirut Stock Exchange since February 1998.

The main activities of the Company consist of import and export and trading of automotive vehicles and spare parts. The Company is the distributor of NISSAN MOTOR CO. and other brands in Lebanon.

The financial statements comprise of the financial statements of the Company and its subsidiaries ("the Group").

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

- Amendments to IAS 19 *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

New and revised IFRSs	Effective for annual periods beginning on or after
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: • **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.	

New and revised IFRSs	Effective for annual periods beginning on or after
The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely
IFRS 16 Leases	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	

The Directors of the Group do not anticipate that the application of these amendments will have a significant effect on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

B. Basis of Preparation:

The consolidated financial statements have been prepared on the historical cost basis.

C. Basis of Presentation of Consolidated Financial Statements:

The consolidated financial statements of the Group include the accounts of the Group and its following subsidiaries:

	Ownership Percentage %	Country
Consolidated subsidiaries:		
Rymco Europe S.A.L. (Holding)	68.76 (2014: 64.76)	Lebanon
Rymco Mena S.A.L. (Holding)	71.9	Lebanon
Lebanese Auto Agency S.A.L. (LAA)	50	Lebanon
Quick Fix S.A.L.	100	Lebanon
Clean and Gleam S.A.L.	100	Lebanon
Indirect ownership: Rymco Europe – subsidiaries:		
Rymco Cyprus Limited	100	Cyprus
Rymco International Ltd	100	British Virgin Islands
Rymco UK (subsidiary of Rymco Cyprus Ltd)	100	United Kingdom
Indirect ownership: Rymco Mena Subsidiary:		
Rakha Trading L.L.C.	60	Syria

In 2015, the Company acquired additional 58,291 shares out of the 1,457,279 total shares issued and authorized in Rymco Europe S.A.L. (Holding) for a total consideration of LBP517million.

The consolidated financial statements of Rasamny Younis Motor Co. S.A.L. incorporate the financial statements of the Parent Company and enterprises controlled by the Parent Company (its subsidiaries). Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Group. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

D. Business Combinations:

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs other than those associated with the issue of debt or equity securities are generally recognized in profit or loss as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss

E. Foreign Currencies:

The consolidated financial statements are presented in Lebanese Pounds (LBP) which is the official reporting currency of the Group. The currency of the economic environment in which the Group operates is the U.S Dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entities' reporting currencies (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Lebanese Pounds using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange difference arising on consolidation are recognized directly in other comprehensive income and accumulated under equity under "Cumulative foreign currency translation reserve".

F. Notes and Accounts Receivable:

Notes and accounts receivable are reflected in the consolidated statement of financial position net of unearned interest and after deduction of the provision for doubtful accounts which is established in an amount considered, in the management opinion, adequate to absorb anticipated credit losses.

The Group recognizes a new financial asset acquired in connection with asset derecognition coupled with a new financial asset or liability resulting from transfer of control of financial assets at fair value and recognizes a gain or loss on the transaction based on the difference between: a) the proceeds, and b) the carrying amount of the financial asset sold plus transaction cost, minus the fair value of any new financial asset acquired.

G. Inventories:

Inventories are carried at the lower of cost and net realizable value. Cost of cars (which includes all types of vehicles as disclosed in Note 8) and boats is determined using the specific identification method. Cost of spare parts is determined using the weighted average method. A provision for slow moving spare parts is established, based on a detailed ageing analysis and management past experience. Also, a provision for expected loss on sale of used cars is set up, based on management and market assessments.

Generally, the Group settles the customs duties on cars and other vehicles following a cash flow management policy and based on the expected sales. As such, certain costs of cars and vehicles do not include the related customs duties. Cost of inventory includes purchase cost and other costs to bring inventory to its present location. Other costs include the customs duties paid.

H. Investments in Associates:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are recorded at cost in the Group's separate consolidated financial statements.

I. Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Costs incurred subsequent to initial acquisition are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss when incurred.

Depreciation is charged so as to write-off the costs of these assets, other than additions in progress, over the estimated useful lives of the relevant assets.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

	Years	
	2015	**2014**
Premises and warehouses	10-50	50
General installations	16.5	16.5
Garage tools	12.5	12.5
Vehicles	10	16.5
Computer and office equipment	5	5
Furniture and fixtures	12.5	12.5

J. Impairment of Tangible Assets:

At the end of each reporting period, the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate, the Group estimates the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a market-determined discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

K. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from services is recognized when services are performed and earned.

Interest income

Interest income is accrued on a time by basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

L. Employees' End-of-Service Indemnity:

Contributions paid regularly by the Group to the Lebanese National Social Security Fund on account of employees' termination indemnities are computed on the basis of 8 percent of the actual employees' earnings. However, upon completion of twenty years of service or upon termination of employment, and for those employees wishing to settle their accounts with the Fund, the related indemnities are computed on the basis of the last salary paid, times number of years of service, and differences between such amounts due and contributions already paid, are settled to the Fund at that time. The Group follows the policy of accruing for the indicated differences at the end of each reporting period.

Other subsidiaries are subject to the rules and regulations in countries of origin.

M. Management Bonuses:

The Group follows a policy for the bonuses due to certain management member by charging these amounts to the statement of comprehensive income in the year when they are authorized and paid.

N. Income Tax:

The parent company is subject to the Lebanese Income Tax Law. The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are never taxable or deductible. There are no temporary taxable differences and accordingly deferred tax does not apply.

The Lebanese Holding company is subject to the Lebanese income tax law and the holding companies law. Tax is computed at rates based on capital and reserves with a total not to exceed LBP5million.

Other subsidiaries are subject to income taxes in countries in which they operate, in accordance with the applicable regulations.

O. Borrowings Costs:

Borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they incur.

P. Provisions:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranty costs, which are limited to specific cases, are accrued and recorded when incurred and are charged directly to the suppliers.

Q. Goodwill:

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

R. Financial Instruments – Recognition and Measurement:

Financial assets

Financial assets are recognized on the Group's statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at their amortized cost, less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

Investments

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Available-for-sale investments held by the Group consist of unquoted equity securities whose fair value cannot be reliably measured hence are carried at cost.

Due from/to related parties

Due from/to related parties are measured at their amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities

Financial liabilities instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Liabilities under acceptances and trade payables

Liabilities under acceptances and trade payables are measured at their cost.

Bank borrowings

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

S. Dividends:

Dividends are recorded when declared.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies described in Note 3, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that has a significant effect on the amounts recognized in financial statements.

Revenue recognition

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in International Accounting Standard 18: *Revenue,* and in particular whether the Group had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability of the goods sold, management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Key sources of estimation uncertainty

Allowance for doubtful receivables

Allowance for doubtful receivables is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectability. The allowance for irrecoverable debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, and continuing credit evaluation of the customers' financial conditions. Also, specific allowances for individual accounts are recorded when the Group becomes aware of the customer's inability to meet its financial obligations.

Property and equipment

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. Management has not considered any residual value for property and equipment.

Provision for slow-moving inventories

Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

5. CASH AND BANKS

This caption included the following:

	December 31,	
	2015	**2014**
	LBP'000	**LBP'000**
Checks for collection	667,479	395,461
Cash on hand	1,342,894	1,332,304
Current accounts with banks	12,327,491	16,991,054
Margins against letters of credit	2,109,098	406,490
Time deposits with banks (a)	28,289,926	6,040,951
Cash and cash equivalents	44,736,888	25,166,260
Accrued interest receivable	91,946	-
Blocked margins against guarantees (b)	823,832	733,511
Cash collateral (c)	9,280,332	-
	54,932,998	25,899,771

(a) Term deposits with banks have original maturities not exceeding 3 months and are subject to interest rates between 4% and 5.5% per annum for the year ended December 31, 2015 (5.5% for the year 2014). Interest income earned on these deposits amounted to LBP650million for the year ended December 31, 2015 (LBP5million for the year 2014) recorded under "Interest income from banks" under "Net interest expense and financial charges" (Note 20) in the statement of profit or loss.

(b) Blocked margins against guarantees are denominated in USD and have original maturities exceeding three months and are interest free.

(c) The cash collateral balance is denominated in LBP and blocked, with original maturity exceeding three months, against a bank overdraft granted to the Company during 2015 with a limit of USD6.1million that was fully utilized as of December 31, 2015. Interest income earned on this collateral balance amounted to LBP180million for the year ended December 31, 2015 generated at an annual interest yield of 7% recorded under "Interest income from banks" under "Net interest expense and financial charges" (Note 20) in the statement of profit or loss.

6. NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable are composed of the following:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Current:		
Current notes receivable (net of unearned interest)	36,740,477	23,335,358
Accounts receivable – clients cars	15,868,913	18,716,679
Accounts receivable – dealers cars	3,298,061	1,791,646
Accounts receivable – related parties cars	16,620,162	14,487,261
Advances to employees	227,596	194,532
Other receivables	8,263,003	9,095,113
Less:		
Provision for doubtful notes and accounts receivable	(10,622,380)	(9,737,188)
	70,395,832	57,883,401
Non-Current:		
Notes receivable (net of unearned interest)	12,695,069	11,213,475
Notes and other receivables held as a residual interest in the sale of a portfolio of notes	11,556,010	11,154,767
Notes and other receivables held as a residual interest in the sale of a portfolio of cars	4,523,780	4,911,961
Less:		
Provision for doubtful notes and accounts receivable	(94,748)	(94,748)
	28,680,111	27,185,455

The Group transferred control of notes receivable to a financial institution in accordance with a transfer agreement as follows:

	Net Notes Receivable LBP(billion)	Unearned Interest LBP(billion)
2009 (Compartment 1)	19.50	(2.79)
2012 (Compartment 2)	13.45	(1.06)
2013 (Compartment 3)	11.53	(1.74)
2015 (Compartment 3)	5.36	(1.20)

The Group holds control of the notes transferred for the aggregate amount of LBP9.91billion (LBP9.89billion in 2014). A reserve account was deposited for an amount of LBP1.64billion (LBP1.26billion in 2014). The total of these receivables from the financial institution (manager of the securitization transaction) amounting to LBP11.56billion (LBP11.15billion in 2014) were classified as non-current receivables as of December 31, 2015 and 2014. The revolving period of the three agreements is three years. The final settlement date of the first, second and third agreements are December 31, 2018, 2019 and 2023, respectively.

During 2015, interest income amounted to LBP16million (net of tax) (LBP549million for the year 2014) reflected under "Net interest expense and financial charges" (Note 20) in statement of profit or loss, of which a receivable balance of LBP18million was outstanding and reflected under "Other receivables – current" as of December 31, 2015 (LBP137million as of December 31, 2014).

The Group will continue servicing the collection of the notes transferred till the termination date of the transfer agreement. The notes collected from customers as a result of this agreement and to the favor of the financial institution are directly transferred to its favor through a bank account opened for this purpose. The payable balance due as a result of this collection and outstanding as at December 31, 2015 is LBP212million (LBP122million in 2014) included under "Other creditors" (Note 14).

Other receivables include as of December 31, 2015 an aggregate balance of LBP2.76billion (LBP2.51billion in 2014) representing outstanding balance of claims due from insurance companies.

During 2015, interest income of notes receivables not held as residual interest amounted to LBP1.67billion (LBP1.29billion in 2014) reflected under "Net interest expense and financial charges" (Note 20) in statement of profit or loss.

Notes receivable (current and non-current) are composed of the following:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Notes receivable under the Group's custody	32,828,746	31,642,259
Notes receivable discounted with banks with recourse	165,590	290,849
Notes receivable from related parties	20,018,803	5,807,640
Total Notes receivable at face value	53,013,139	37,740,748
Less: Unearned interest	(3,577,593)	(3,191,915)
	49,435,546	34,548,833
Notes and other receivables held as a residual interest in the sale of a portfolio of notes	11,556,010	11,154,767
Notes and other receivables held as a residual interest in the sale of a portfolio of cars	4,523,780	4,911,961
	65,515,336	50,615,561

Accounts and notes receivable (excluding other receivables) which are initially secured by cars are spread over a large number of customers. The Group is unable to determine the fair value of these collaterals on a timely basis.

During 2015, the Group transferred control of new cars aggregating to LBP28.2billion (excluding VAT and custom duty) (LBP34.44billion for the year 2014) to a financial institution in accordance with a sale and purchase agreement. The sale was recognized at cost. The Company holds control of the new cars transferred for the aggregate amount of LBP5.3billion as of December 31, 2015 and 2014. A reserve account was deposited for an amount of LBP388million (Nil in 2015). The total of these receivables from the financial institution (manager of the securitization transaction) amounting to LBP4.5billion (LBP4.9billion as of December 31, 2014), were classified as non-current receivables as of December 31, 2015. The final settlement date of this agreement is on June 30, 2020. During 2015, interest income amounted to LBP1.9billion, net of tax (LBP4.4billion for the year 2014) reflected under "Net interest expense and financial charges" (Note 20) in the statement of profit or loss of which a receivable balance of LBP949million was outstanding and reflected under "Other receivables - current" as of December 31, 2015 (LBP1.15billion as of December 31, 2014). In addition, a receivable balance of LBP306million as of December 31, 2015 (LBP1billion as of December 31, 2014) due from the latter was reflected under "Other receivables – current".

The Group will continue servicing the sale of the new cars transferred, till the termination date of the sale and purchase agreement. Service income for the year ended December 31, 2015 amounted to LBP32million (LBP35million in 2014) reflected under "Other revenues" in the statement of profit or loss. The cars sold to the customers as a result of this agreement and to the favor of the financial institution are directly transferred to its favor through a bank account opened for this purpose. The payable balance due as result of cars sales on behalf of the financial institution and outstanding as of December 31, 2015 is LBP1.2billion (LBP4.3billion as of December 31, 2014) included under "Other liabilities" under "Accrued expenses and other liabilities" (Note 14) and was fully settled subsequently.

The fees resulting from this agreement amounted to LBP403million as of December 31, 2015 (LBP605million as of December 31, 2014) reflected under "Prepayments and other assets", to be amortized over 4 years (Note 9). Amortization fees for the year ended December 31, 2015 amounted to LBP202million (LBP202million for the year 2014) included under "Professional fees" under "General and administrative expenses" in the consolidated statement of profit or loss (Note 18).

The movement of the provision for doubtful notes and accounts receivable was as follows:

	2015	2014
	LBP'000	LBP'000
Balance -- beginning of the year	9,831,936	9,766,605
Translation difference	(36,445)	(32,574)
Additions	603,000	97,905
Transfer from Escrow Account	1,367,493	-
Write-off during the year	(1,048,856)	-
Balance -- end of the year	10,717,128	9,831,936

7. RELATED PARTIES BALANCES AND TRANSACTIONS

At the end of the reporting period, balances with related parties were as follows:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Due from related parties – current portion:		
RY Properties S.A.L.	35,896	35,223
International Commercial PTY Ltd. "ICPL" (Associate) – (Note 10)	-	1,433,753
Others	1,243,255	905,080
	1,279,151	2,374,056
Due from related parties – non-current portion:		
Rasaria Real Estate Investment S.A.L.	12,905,148	9,271,182
Others	263,800	-
	13,168,948	9,271,182
Due to related parties:		
International Commercial PTY Ltd. "ICPL" (Associate) – (Note 10)	725,684	-
Shareholders' accounts	3,749	50,580
Due to board members	182,380	8,470
Payable to non-controlling interests	5,053,879	5,239,501
	5,965,692	5,298,551

In addition to the above, notes and accounts receivable as of December 31, 2015 include notes receivables in the aggregate amount of LBP20billion (LBP5.8billion in 2014) (Note 6) that are due from related parties for which the related interest income is equal to the aggregate amount of LBP387million (LBP318million in 2014) reflected under "Net interest expense and financial charges" in the statement of profit or loss.

Related Party Transactions:

Net sales during 2015 included sales to shareholders and related parties in the total amount of LBP99.88billion (LBP66billion during 2014).

The Group incurred during 2015 insurance expenses against fire, hospitalization, cash in transit and other risks from an insurance company majorly owned by a shareholder for a total of LBP415million (LBP440million during 2014). Also, the same company provided the Group with other forms of insurance coverage on behalf and to the order of its customers.

Furthermore, the Group was charged car leasing from a related party for an amount of LBP30.52million in 2015 reflected "Rent charges" under "General and administrative expenses" in the consolidated statement at profit or loss (LBP43.48million during 2014) (Note 18).

During 2015, the Group charged interest on related parties outstanding receivable balances for an amount of LBP1.19billion reflected under "Net interest expense and financial charges" in the consolidated statement of profit or loss (LBP595million in 2014) (Note 20).

Moreover, the Group was charged legal fees from a shareholder for an amount of LBP30million for the year ended December 31, 2015 (LBP30million in 2014) reflected as "Legal expenses" under "General and administrative expenses" (Note 18) in the consolidated statement of profit or loss.

In addition, the Group was charged consultancy fees from a related party for an amount of LBP126million for the year ended December 31, 2015 (LBP184million in 2014) reflected as "Professional fees" under "General and administrative expenses" (Note 18) in the consolidated statement of profit or loss.

Key management remunerations:

	2015	**2014**
	LBP'000	**LBP'000**
Board members	1,230,676	1,354,952
Key management personnel	505,532	513,410
	1,736,208	1,868,362

8. INVENTORY OF CARS AND SPARE PARTS

This caption is composed of the following:

	December 31,	
	2015	2014
	LBP'000	LBP'000
New cars	32,458,924	37,591,885
Used traded-in cars	4,621,005	6,531,720
Provision for impairment of used cars	(330,000)	(330,000)
Total cars inventory	36,749,929	43,793,605
Spare parts	15,396,386	15,280,070
Provision for slow moving spare parts	(2,828,515)	(2,317,325)
Spare parts inventory (net)	12,567,871	12,962,745
Marine boats	704,707	704,707
Motorcycles and jet-skis	645,191	779,127
Fuel and oil	44,944	108,942
Goods in transit	31,625,579	25,845,461
	45,588,292	40,400,982
Total	82,338,221	84,194,587

The movement of provision for impairment of used cars and for slow moving spare parts was as follows:

	2015	2014
	LBP'000	LBP'000
Balance – beginning of the year	2,647,325	2,962,948
Additions	612,958	-
Write-offs	(90,023)	(170,929)
Translation difference	(11,745)	(21,308)
Write-back	-	(123,386)
Balance – end of the year	3,158,515	2,647,325

9. PREPAYMENTS AND OTHER ASSETS

This caption includes the following:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Prepaid marketing fees	1,563,802	2,300,192
Prepaid insurance	209,293	267,822
Prepaid rent	964,027	1,592,240
Prepaid maintenance fees	8,400	71,308
Prepaid expenses on new cars sold	1,376,948	1,030,961
Advance payments to suppliers	1,162,529	1,872,062
Accrued incentive income from suppliers	3,376,947	1,182,800
Deferred charges from securitization of new cars transaction (Note 6)	403,274	604,887
Other assets	2,191,845	2,269,305
	11,257,065	11,191,577

10. INVESTMENT IN ASSOCIATE

The movement of investment in associate for the year ended December 31, 2015 and 2014 is as follows:

	2015	2014
	LBP'000	LBP'000
Opening Balance	603,000	-
Initial subscription in 40% share of capital (a)	-	603,000
Increase in associate capital (b)	681,562	-
Sale of 15% share of capital (c)	(481,711)	-
Ending Balance	802,851	603,000

(a) During 2014, the Group acquired 40% of the outstanding capital of "International Commercial Motors PTY Ltd" in the amount of USD400,000(LBP603million). The purpose of this investment is to carry operating activities in "Namibia" for the purpose of selling vehicles to the African market.

(b) During 2015, the shareholders of the associate resolved to increase its capital in the amount of USD1,130,286 where the Group's share in the capital increase amounted to USD452,114(equivalent to LBP682million) representing 40% of the total increase.

(c) During 2015, the Group sold 15% of its share in the associate for a total consideration of USD424,992 (equivalent to LBP641million) of which USD100,000 (equivalent to LBP151million) was paid during 2015 and the remaining balance to be paid over two payments in the amount of USD150,000 (equivalent to LBP226million) in 2016 and USD174,992 (equivalent to LBP264million) in 2017 resulting in a gain in the amount of LBP159million reflected under "Gain on sale of share in associate" in the statement of profit or loss.

Accordingly, total share of the Group in the associate as of December 31, 2015 is 25% (40% as of December 31, 2014).

The balance due to this associate and outstanding as of December 31, 2015 amounted to LBP725million (receivable balance of LBP1.46billion as of December 31, 2014) (Note 7). Total sales to the associate for the year ended December 31, 2015, amounted to LBP669million (LBP2.1billion for the year ended December 31, 2014).

Summarized financial information in respect of the Group's associate is set out below:

	(Unaudited) December 31, 2015	(Unaudited) December 31, 2014
	LBP'000	LBP'000
Total assets	2,611,330	4,181,805
Total liabilities	(139,312)	(2,592,900)
Net assets	2,472,018	1,588,905
Group's share in associate	25%	40%
Group's share of net assets of associate	618,004	635,562

	(Unaudited) Year Ended December 31, 2015	(Unaudited) Year Ended December 31, 2014
	LBP'000	LBP'000
Total revenue	1,079,103	2,683,350
Net profit for the year	15,120	72,812
Group's share in associate	25%	40%
Group's share of profits of associate	3,780	29,124

11. PROPERTY AND EQUIPMENT

This caption includes the following:

	Premises and Warehouses LBP'000	General Installations LBP'000	Tools and Equipment LBP'000	Vehicles LBP'000	Computer and Office Equipment LBP'000	Furniture and Fixtures LBP'000	Total Depreciable Fixed Assets LBP'000	Land LBP'000	Advances on fixed assets LBP'000	Total LBP'000
Cost:										
Balance as of January 1, 2014	18,178,765	12,900,805	5,615,163	4,335,446	5,227,150	2,253,392	48,510,721	16,765,392	2,194,059	67,470,172
Additions	-	325,005	141,310	788,062	218,285	64,816	1,537,478	-	5,299,620	6,837,098
Retirements	-	(248,344)	-	(460,900)	-	-	(709,244)	-	-	(709,244)
Derecognized upon discontinued operations - Note 22	(40,744)	-	(857,015)	-	(462,105)	(895,804)	(2,255,668)	-	-	(2,255,668)
Transfers	-	154,001	-	-	-	-	154,001	-	(154,001)	-
Effect of foreign currency exchange difference	(612,110)	-	(21,381)	(23,089)	(14,334)	(14,338)	(685,252)	(633,012)	-	(1,318,264)
Balance as of December 31, 2014	17,525,911	13,131,467	4,878,077	4,639,519	4,968,996	1,408,066	46,552,036	16,132,380	7,339,678	70,024,094
Additions	-	655,220	218,705	1,536,176	310,217	15,910	2,736,228	-	2,066,424	4,802,652
Transfer	7,305,884	817,350	-	-	-	-	8,123,234	-	(8,123,234)	-
Retirements	-	-	-	(631,985)	-	-	(631,985)	-	-	(631,985)
Effect of foreign currency exchange difference	(501,793)	(59,106)	(14,853)	(17,933)	(10,062)	(9,960)	(613,707)	(475,173)	-	(1,088,880)
Balance as of December 31, 2015	24,330,002	14,544,931	5,081,929	5,525,777	5,269,151	1,414,016	56,165,806	15,657,207	1,282,868	73,105,881
Accumulated Depreciation:										
Balance as of January 1, 2014	(4,966,173)	(6,603,878)	(2,044,689)	(1,716,529)	(3,762,905)	(1,493,653)	(20,587,827)	-	-	(20,587,827)
Additions	(375,115)	(686,942)	(357,880)	(392,274)	(373,060)	(72,307)	(2,257,578)	-	-	(2,257,578)
Retirements	-	141,186	-	83,003	-	-	224,189	-	-	224,189
Derecognized upon discontinued operations - Note 22	2,291	-	270,666	-	436,596	619,756	1,329,309	-	-	1,329,309
Effect of foreign currency exchange difference	135,341	-	18,490	24,424	13,001	12,112	203,368	-	-	203,368
Balance as of December 31, 2014	(5,203,656)	(7,149,634)	(2,113,413)	(2,001,376)	(3,686,368)	(934,092)	(21,088,539)	-	-	(21,088,539)
Additions	(1,077,973)	(738,453)	(363,030)	(472,832)	(340,283)	(73,310)	(3,065,881)	-	-	(3,065,881)
Retirements	-	-	-	205,609	4,032	1,074	210,715	-	-	210,715
Effect of foreign currency exchange difference	83,112	-	19,502	17,703	9,043	8,497	137,857	-	-	137,857
Balance as of December 31, 2015	(6,198,517)	(7,888,087)	(2,456,941)	(2,250,896)	(4,013,576)	(997,831)	(23,805,848)	-	-	(23,805,848)
Allowance for Impairment:										
Balance as of January 1, 2013 and 2014	(38,453)	-	(586,349)	-	(25,509)	(276,048)	(926,359)	-	-	(926,359)
Derecognized upon discontinued operations - Note 22	38,453	-	586,349	-	25,509	276,048	926,359	-	-	926,359
Balance as of December 31, 2014	-	-	-	-	-	-	-	-	-	-
Net book value:										
As of December 31, 2015	18,131,485	6,656,844	2,624,988	3,274,881	1,255,575	416,185	32,359,958	15,657,207	1,282,868	49,300,033
As of December 31, 2014	12,322,255	5,981,833	2,764,664	2,638,143	1,282,628	473,974	25,463,497	16,132,380	7,339,678	48,935,555

Advances on fixed assets as at December 31, 2015 mainly represent advances paid to suppliers in relation to the renovation of showrooms.

Advances on fixed assets as at December 31, 2014 represent mainly advances paid to suppliers in relation to the construction of a new showroom in Dbayeh, Lebanon. The showroom was opened during 2015 and related advance payments were allocated to the categories based on their nature.

In July 2015, the Group carried out an appraisal through an independent expert on its premises and warehouses located in Chiyah area covering plots No 796 and 4037 and one of its showrooms and warehouses located in Manara area Plot No. 581, that resulted in a fair value in the approximate amount of USD64million (without the consideration of deferred tax liability).

12. BANKS BORROWINGS

Borrowings from banks are broken down as follows:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Loans	33,679,014	16,696,218
Overdrafts	27,669,180	45,660,553
	61,348,194	62,356,771

Bank borrowings as classified by currency as follows:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Current:		
Lebanese Pounds	5,186,466	10,426,501
U.S. Dollar	52,295,806	46,831,089
Japanese Yen	1,872,965	126,541
Other currencies	322,582	438,765
	59,677,819	57,822,896
Non-Current:		
Lebanese Pounds	3,102,125	4,533,875
Total current and non-current	62,779,944	62,356,771

The credit facilities on these overdrafts are equivalent to LBP49billion as of December 31, 2015 (LBP37billion as of December 31, 2014).

The overdrafts under these facilities are subject to an average interest rate of 9.5% on LBP and 7% on USD as at December 31, 2015 and 2014. Interest expense on these overdrafts amounted to approximately LBP6,487million for the year 2015 (LBP5,061million in 2014), reflected under "Net interest expense and financial charges" in the consolidated statement of profit or loss (Note20).

The remaining facilities are partially secured by bills and the personal guarantees of the parent company's shareholders. Those facilities are used to support the Group's operations.

During 2010, the Group obtained a term loan from a Lebanese bank up to USD4million (LBP6billion) over a period of 5 years to finance its investing operations in Syria. The loan will be settled over 12 equal quarter settlements of USD333,333 (principal) starting March 31, 2012 and ending on December 31, 2014. The loan is subject to a rate of 3 months LIBOR + 3% per annum (floor 7%). Interest expense for the year ended December 31, 2014 amounted to LBP89million reflected under "Interest expense and financial charges" in the consolidated statement of profit or loss (Note 20). Among other bank facilities, this loan is personally guaranteed by two shareholders, in addition to bills kept in guarantee with the bank.

During 2010, the Group obtained another term loan from a local bank with a limit of LBP959million over a period of 5 years to finance its garage renovation. The loan will be settled over 53 equal monthly settlements of LBP18.1million (principal) each starting June 30, 2011 and ending on October 31, 2015. The loan is subject to a rate of 3-months Libor + 3% per annum (floor 7%). Interest expense for the year ended December 31, 2015 amounted to LBP4million (LBP15.5million for the year ended December 31, 2014), reflected under "Net interest expense and financial charges" in the consolidated statement of profit or loss (Note 20).

During 2013, the Group obtained a six-year subsidized loan by the Central Bank of Lebanon, in the amount of LBP5.73billion for the purpose of building a new showroom. This loan is to be payable after a two years grace period, starting from the third year until the sixth year, through 48 equal monthly installments in the amount of LBP119million. The Group shall settle monthly during the first two years of the loan period the interest. Interest on the loan is subject to a floating interest rate of one year Lebanese treasury bills plus three percent, provided it does not fall below the subsidized fixed interest rate applied by the Central Bank of Lebanon. Interest expense for the year ended December 31, 2015 amounted to LBP259million (LBP191million in 2014) reflected under "Net interest expense and financial charges" in the consolidated statement of profit or loss (Note 20). The loan was fully drawn as at December 31, 2014.

13. LIABILITIES UNDER ACCEPTANCES AND TRADE PAYABLES

This caption consists of the following:

	December 31,	
	2015	**2014**
	LBP'000	**LBP'000**
Liabilities under acceptances	102,770,523	89,902,495
Trade payables	27,030,275	17,900,741
	129,800,798	107,803,236

Liabilities under acceptances as of December 31, 2015 consist of bank acceptances payable in Japanese Yen and U.S Dollar due to suppliers with the following maturities as of 2015 year end:

	Amount		
	JPY	USD	Total C/V in LBP'000
January 2016	34,034,709	12,403,431	
February 2016	66,563,890	10,403,309	
March 2016	45,479,845	11,980,577	
April 2016	37,640,927	17,825,942	
May 2016	69,718,657	12,840,450	
June 2016	-	794,160	
	253,438,028	66,247,869	103,039,174
Deferred interest	(2,531,333)	(157,203)	(268,651)
Total 2015	250,906,695	66,090,666	102,770,523

Liabilities under acceptances as of December 31, 2014 consist of bank acceptances payable in Japanese Yen and U.S Dollar due to suppliers with the following maturities as of 2014 year end:

	Amount		
	JPY	USD	Total C/V in LBP'000
January 2015	18,839,886	8,752,296	
February 2015	11,092,370	5,674,190	
March 2015	50,572,430	11,653,136	
April 2015	68,205,383	15,437,700	
May 2015	33,429,750	12,991,642	
June 2015	18,483,237	3,654,946	
July 2015	-	272,609	
	200,623,056	58,436,519	90,624,914
Deferred interest	(1,866,670)	(463,590)	(722,419)
Total 2014	198,756,386	57,972,929	89,902,495

Interest expense on bank acceptances amounted to LBP1.15billion in 2015 (LBP2.97billion in 2014) reflected under "Net interest expense and financial charges" (Note 20) in the statement of profit or loss.

14. ACCRUED EXPENSES AND OTHER LIABILITIES

This caption is composed of the following:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Customers and dealers - credit balances and advances (a)	18,076,804	2,210,340
Accrued expenses	959,611	904,718
Corporate income tax (b)	1,872,996	1,586,617
Net Value Added Tax and other governmental payables	2,531,568	1,284,654
Dividends payable (c)	102,651	84,397
Other creditors (a)	9,397,949	4,847,204
Other liabilities – securitization (Note 6)	1,329,459	4,257,171
	34,271,038	15,175,101

(a) Customers and Dealers includes advances collected from the Lebanese Government amounting to LBP16.17billion as of December 31, 2015 (Nil for the year 2014) in satisfaction of sales of new cars that will be delivered and recognized in the subsequent period. Moreover, other creditors include amount of LBP4.1billion as of December 31, 2015 (Nil for the year 2014) collected from the Lebanese government for the maintenance of the sold cars over a period of 5 years.

(b) Corporate income tax liability is broken down as follows:

	2015	2014
	LBP'000	LBP'000
Beginning balance	1,586,617	1,420,277
Income tax provision for the year	1,691,472	445,210
Settlement of prior years income tax	(1,586,617)	(1,420,277)
Prior years tax assessment – Note 25	-	718,631
Other taxes	181,524	422,776
Ending balance	1,872,996	1,586,617

Corporate income tax for Parent Company (Note 21) is computed as follows:

	2015 LBP'000	2014 LBP'000
Profits before income tax	10,860,696	6,903,324
Add: Non-deductible expenses:		
Provisions	1,426,672	101,725
Expenses	912,014	678,158
Taxes	326,010	821,519
Deduct:		
Non-taxable income	(2,248,914)	(5,536,662)
Total tax adjustments	415,782	(3,935,260)
Taxable profits	11,276,478	2,968,064
Income tax at 15%	1,691,472	445,210

(c) Dividends payable are broken down as follows:

	2015 LBP'000	2014 LBP'000
Opening Balance	84,397	65,071
Dividends declared	3,767,400	3,767,400
Dividends paid	(3,749,146)	(3,748,074)
Ending Balance	102,651	84,397

The ordinary general assembly of shareholders held on June 19, 2015 declared the distribution of dividends for an amount of LBP3.767billion.

The ordinary general assembly of shareholders held on June 26, 2014 declared the distribution of dividends for an amount of LBP3.767billion.

Dividends paid during 2015 amounted to LBP3.75billion including LBP84million of dividends declared and outstanding from prior years (LBP3.7billion for the year 2014 including LBP65million of dividends declared and outstanding from prior years).

15. PROVISION FOR EMPLOYEES' END-OF-SERVICE INDEMNITY

The movement of provision for employees' end-of-service indemnity for the years was as follows:

	2015 LBP'000	2014 LBP'000
Balance – beginning of the year	1,326,883	978,659
Additions (Note 19)	438,179	452,525
Settlements	(34,739)	(104,301)
Balance – ending of the year	1,730,323	1,326,883

16. CAPITAL

Capital is represented by 27,300,000 shares authorized and fully paid with a par value of LBP1,000. These shares are divided into three categories as follows:

	Shares	Percentage %
"A" Shares	13,923,000	51
"B" Shares	10,920,000	40
"C" Shares	2,457,000	9
	27,300,000	

Class "A" Shares may only be owned by and traded between (a) Lebanese individuals, (b) by general partnership, limited liability companies and limited partnerships the entire ownership of which is constituted by Lebanese individuals, or (c) by joint stock companies in which all the shares are owned by Lebanese individuals and which, pursuant to their statutes, can only be transferred to Lebanese individuals.

Class "B" Shares listed in Beirut Stock Exchange may be tradable and transferable between Lebanese and non-Lebanese persons (whether legal or natural).

Class "C" Shares may be freely tradable and transferable between Lebanese and non-Lebanese persons (whether legal or natural).

17. SALES AND COST OF SALES

This caption is composed of the following:

	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
New cars' sales, net	296,123,018	220,770,872
Cost of new cars	(268,814,028)	(200,527,269)
Gross profit	27,308,990	20,243,603
Used cars' sales, net	18,734,092	16,780,519
Cost of used cars	(19,129,007)	(16,568,833)
Gross profit	(394,915)	211,686
Spare parts' sales, net	22,228,564	21,652,859
Cost of spare parts	(12,243,444)	(12,414,664)
Gross profit	9,985,120	9,238,195
Marine boats' sales	-	37,413
Cost of marine boats	-	(34,220)
Gross profit	-	3,193
Motorcycles' and Jet-skis' Sales	2,491,969	1,464,116
Cost of motorcycles and jet-skis'	(1,761,958)	(1,235,560)
Gross profit	730,011	228,556
Fuel and oil sales	1,790,366	1,924,475
Cost of fuel and oil	(1,671,370)	(1,806,700)
Gross profit	118,996	117,775
Net after sale services	4,435,496	4,383,248
Total net sales	345,803,505	267,013,502
Total cost of sales	(303,619,807)	(232,587,246)

18. GENERAL AND ADMINISTRATIVE EXPENSES

This caption is composed of the following:

	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Rent charges	2,657,445	2,708,481
Professional fees	1,344,359	1,410,572
Garage expenses	431,357	539,958
Cleaning	397,481	307,565
Taxes and duties	841,520	861,744
Repairs and maintenance	279,794	356,253
Attendance fees	126,630	126,630
Electricity and water	218,628	196,466
Transportation expenses	67,522	60,345
Telephone and telecommunication	477,449	450,396
Entertainment	146,688	135,846
Travel expenses	549,582	573,407
Insurance	765,465	800,810
Legal expenses	279,818	315,393
Fuel and gas	416,713	560,144
Guard expenses	299,016	295,601
Parking	20,484	33,048
Miscellaneous	1,496,130	1,151,447
	10,816,081	10,884,106

19. SALARIES, WAGES AND RELATED CHARGES

This caption comprises the following:

	Year Ended December 31, 2015 LBP'000	Year Ended December 31, 2014 LBP'000
Salaries and wages	7,409,999	7,718,565
Bonus	2,628,689	2,398,784
Directors' remunerations	132,660	132,660
Sales' commissions	548,997	509,133
Schooling	213,439	166,255
Transportation	500,450	526,455
Staff termination indemnities	172,238	66,765
National Social Security Fund contributions	1,708,596	1,690,728
Other Allowances	20,547	19,432
Provision for employees' end-of-service indemnity (Note 15)	438,179	452,525
	13,773,794	13,681,302

20. NET INTEREST EXPENSE AND FINANCIAL CHARGES

This caption is composed of the following:

	Year Ended December 31,	
	2015	2014
	LBP'000	LBP'000
Interest income on notes receivable (Note 6)	3,601,856	6,300,634
Interest income from related parties (Note 7)	1,194,764	594,986
Interest income from banks (Note 5)	830,453	6,128
Interest expense on acceptances (Note 13)	(1,153,207)	(2,966,456)
Interest expense on banks (Note 12)	(6,750,152)	(5,355,060)
Other financial charges	(907,910)	(471,279)
	(3,184,196)	(1,891,047)

21. INCOME TAX EXPENSE

This caption is composed of the following:

	Year Ended December 31,	
	2015	2014
	LBP'000	LBP'000
Income tax expense – parent company	1,691,472	445,210
Tax on capital of Lebanese holding companies	6,800	6,800
Income tax on Rakha Trading L.L.C	3,420	1,322
	1,701,692	453,332

22. DISCONTINUED OPERATION

The Group has entered into an asset sale agreement on December 23, 2014 with Rose Kiln to sell the assets held at Rymco UK. The selling price agreed for the assets was GBP1,273,522 (equivalent to LBP'000 3,176,381) with a carrying net book value of GBP1,263,449 (equivalent to LBP'000 3,151,257) resulting in a gain on disposal of GBP10,073 (equivalent to LBP'000 25,124).

The net amount due from the Company as at December 31, 2015 and 2014 amounted to GBP451,299 (equivalent to LBP1billion).

	LBP'000
Agreed value:	
Property and equipment	662,145
Inventory - Cars	2,300,356
Inventory - Spare parts	213,880
Less: liabilities	(2,050,764)
Agreed value of net assets disposed off	1,125,617
Additional support payment	2,369,462
Total consideration	3,495,079
Book value:	
Property and equipment	637,021
Inventory - Cars	2,300,356
Inventory - Spare parts	213,880
Less: Liabilities	(2,050,764)
Book value of net assets disposed off	1,100,493
Gain on disposal of net assets	25,124

The result of the discontinued operations of this subsidiary included in the result of the year are set out below:

	2015 LBP'000	2014 LBP'000
Net sales	-	12,150,596
Cost of sales	-	(12,106,933)
Gross profit	-	43,663
Other revenues	-	4,043,553
	-	4,087,216
General and administrative expenses	(44,860)	(4,172,181)
Salaries, wages and related charges	(28,830)	(2,114,413)
Other expenses	(9,191)	(342,088)
Other income	468,740	1,362,672
	385,859	(5,266,010)
Profit/(loss) for the year before income tax	385,859	(1,178,794)
Income tax expense	-	-
Net profit/(loss) for the year from discontinued operations (before eliminations)	385,859	(1,178,794)
Eliminations	-	1,222,393
Net profit for the year from discontinued operations (after eliminations)	385,859	43,599

23. EARNINGS PER SHARE

The calculation of earnings per share is based on the weighted average outstanding number of shares determined at 27,300,000 shares in 2015 and 2014.

24. SEGMENT REPORTING

The distribution of the profit or loss for the year ended December 31, 2015, by component is as follows:

	Europe LBP'000	MENA LBP'000	LAA LBP'000	Syria LBP'000	BVI LBP'000	UK LBP'000	Others LBP'000	Total Profit/(loss) LBP'000	Parent Company LBP'000	Total Before Elimination LBP'000	Eliminations LBP'000	Total After Eliminations LBP'000
Profit/(loss) by country (Before Eliminations)	(1,176,207)	(9,861)	(673,398)	75,467	(652,143)	385,859	(586,691)	(2,636,974)	9,169,224	6,532,250	2,331,390	8,863,640
Attributable to:												
Equity owners of the Group	(367,447)	(2,771)	(336,699)	42,911	(203,729)	120,542	(586,691)	(1,333,884)	9,169,224	7,835,340	2,331,390	10,166,730
Non-controlling interests	(808,760)	(7,090)	(336,699)	32,556	(448,414)	265,317	-	(1,303,090)	-	(1,303,090)	-	(1,303,090)
	(1,176,207)	(9,861)	(673,398)	75,467	(652,143)	385,859	(586,691)	(2,636,974)	9,169,224	6,532,250	2,331,390	8,863,640

The allocation of assets and liabilities as of December 31, 2015, by component is as follows:

	Parent Company LBP'000	Europe LBP'000	MENA LBP'000	LAA LBP'000	Syria LBP'000	BVI LBP'000	UK LBP'000	Others LBP'000	Total Before Eliminations LBP'000	Eliminations LBP'000	Total After Eliminations LBP'000
Current Assets	213,856,620	3,668	30,069	3,549,847	1,808,584	14,854,773	1,283,345	213,249	235,600,155	(14,389,381)	221,210,774
Non-Current Assets	90,043,832	31,637,153	11,894,175	129,337	738,305	13,737,632	-	643,331	148,823,765	(56,145,946)	92,677,819
Total Assets	303,900,452	31,640,821	11,924,244	3,679,184	2,546,889	28,592,405	1,283,345	856,580	384,423,920	(70,535,328)	313,888,593
Current Liabilities	220,255,072	202,781	12,465,875	8,424,439	2,803,880	31,938,923	12,414,701	2,911,869	291,417,540	(61,702,193)	229,715,347
Non-Current Liabilities	4,766,078	-	-	214,557	-	-	-	-	4,980,635	-	4,980,635
Total Liabilities	225,021,150	202,781	12,465,875	8,638,996	2,803,880	31,938,923	12,414,701	2,911,869	296,398,175	(61,702,193)	234,695,982

The distribution of the profit or loss for the year ended December 31, 2014, by component is as follows:

	Europe LBP'000	MENA LBP'000	LAA LBP'000	Syria LBP'000	BVI LBP'000	UK LBP'000	Others LBP'000	Total Profit/(loss) LBP'000	Parent Company LBP'000	Total Before Elimination LBP'000	Eliminations LBP'000	Total After Eliminations LBP'000
Profit/(loss) by country (Before Eliminations)	(1,479,293)	(50,546)	(861,034)	179,646	(267,329)	(1,178,794)	(1,061,248)	(4,718,598)	6,458,114	1,739,516	1,906,414	3,645,930
Attributable to:												
Equity owners of the Group	(957,990)	(36,343)	(430,517)	77,499	(173,122)	(763,387)	(1,056,254)	(3,340,114)	6,458,114	3,118,000	1,234,594	4,352,594
Non-controlling interests	(521,303)	(14,203)	(430,517)	102,147	(94,207)	(415,407)	(4,994)	(1,378,484)	-	(1,378,484)	671,820	(706,664)
	(1,479,293)	(50,546)	(861,034)	179,646	(267,329)	(1,178,794)	(1,061,248)	(4,718,598)	6,458,114	1,739,516	1,906,414	3,645,930

The allocation of assets and liabilities as of December 31, 2014, by component is as follows:

	Parent Company LBP'000	Europe LBP'000	MENA LBP'000	LAA LBP'000	Syria LBP'000	BVI LBP'000	UK LBP'000	Others LBP'000	Total Before Eliminations LBP'000	Eliminations LBP'000	Total After Eliminations LBP'000
Current Assets	182,999,118	5,172	30,069	3,988,741	2,111,561	14,955,179	5,002,952	261,243	209,354,035	(17,175,827)	192,178,208
Non-Current Assets	74,348,735	32,754,737	11,894,175	458,969	879,107	14,574,129	-	729,494	135,639,346	(57,959,378)	77,679,968
Total Assets	257,347,853	32,759,909	11,924,244	4,447,710	2,990,668	29,529,308	5,002,952	990,737	344,993,381	(75,135,205)	269,858,176
Current Liabilities	176,997,483	145,662	12,456,014	7,271,473	3,342,979	32,377,518	17,071,008	2,469,015	252,131,152	(65,724,563)	186,406,589
Non-Current Liabilities	5,801,875	-	-	1,462,650	-	-	-	-	7,264,525	-	7,264,525
Total Liabilities	182,799,358	145,662	12,456,014	8,734,123	3,342,979	32,377,518	17,071,008	2,469,015	259,395,677	(65,724,563)	193,671,114

25. COMMITMENTS AND CONTINGENT LIABILITIES

a. The Group is involved in litigations arising in the ordinary course of its business. Based on the opinion of the Group's legal counsel, management believes that these legal cases do not have any material impact on the Company's operations.

b. The Group had as at December 31, 2015 commitments and contingent liabilities in the form of letters of credit and letters of guarantee in the total amount of approximately LBP27.7billion and LBP19.2billion respectively out of which a letter of guarantee in the amount of USD7.2million equivalent to LBP10.85billion was provided to a bank in favor of Rasaria Real Estate Investment S.A.L., a related party (LBP8.3billion and LBP8.9billion, respectively in 2014).

c. - The income tax returns of the Parent Company for the years 2009 till 2012 were subject to review by the tax authorities during 2014, resulting in additional taxes and penalties in the amount of LBP719million recorded against retained earnings and accrued for under "corporate income tax" under "Accrued expenses and other liabilities" (Note 14). The Parent Company's income tax returns for the years 2013 till 2015 are still subject to review by the tax authorities. The result of this review cannot be determined at present.

- The Lebanese subsidiaries' accounts for the years 2011 till 2015 are still subject to review by the income tax authority. The result of this review cannot be determined at present.

- The Lebanese entities' value added tax declarations for the years 2011 till 2015 are still subject to review by the tax authority, the result of which cannot be determined at present.

- As well, other entities of the Group are still subject to examination by the tax authorities in accordance with the rules of the related countries. The result of this review cannot be determined at the present.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Current Classification	Previous Classification	Amount Reclassified LBP'000
Due from related parties – non-current	Due from related parties – current	9,271,182
Prepayments and other assets	Notes and accounts receivable – current	677,802
Notes and accounts receivable – current	Accrued expenses and other liabilities	306,805

The changes have been made to improve the quality of information presented.

27. NON - CASH TRANSACTIONS

The following non-cash transactions were excluded from the statement of cash flows for the year ended December 31, 2015:

- The increase in investment in associate in the amount of LBP682million against the due from subsidiaries and associate (Note 10 (b)).

- The sale of investment in associate in the amount of LBP490million against the increase in due from related parties (Note 10 (c)).

- The increase in provision for doubtful debts (Note 6) in the amount of LBP1.4billion against the decrease in other long term liabilities.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure its ability to continue as a going concern, while maximizing the return through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, and equity consisting of capital, reserves, retained earnings, currency translation adjustment and non-controlling interests.

The Group manages the capital structure and makes the necessary revisions, in light of changes in the economics of the business and the market conditions, and the risk characteristics of operations and underlying assets.

The Group monitors capital on the basis of the net debt to equity ratio (gearing ratio). The gearing ratio as at December 31, 2015 and 2014 was as follows:

	December 31,	
	2015	2014
	LBP'000	LBP'000
Total liabilities	234,695,982	193,671,114
Less: Cash and banks	(54,932,998)	(25,899,771)
Net debt	179,762,984	167,771,343
Total equity	79,192,611	76,187,062
Gearing ratio	2.3	2.2

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values of Financial Assets and Liabilities:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and fair value estimates.

The fair values of the financial assets and financial liabilities approximate their carrying values at the end of the reporting period.

(b) Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit risk is primarily attributable to its liquid funds and receivables. The amounts presented in the statement of financial position are stated at net realizable value, estimated by the Group's management based on past experience.

The Group does not have significant credit risk exposure to any single counterparty, except for the concentration of five customers constituting 54% of accounts receivables and two customers constituting 40% of notes receivable as at December 31, 2015.

(c) Interest Rate Risk:

The Group's interest rates risk arises from the possibility that changes in market interest rates will affect the fair value of interest earning assets earning fixed interest rate (primarily notes receivable) and cash flow derived from interest bearing liabilities subject to floating interest rates on bank borrowings and fixed rates on notes payable.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial assets and liabilities subject to floating interest rates at the end of the reporting period assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended December 31, 2015 would decrease/increase between LBP550million and LBP600million.

(d) Liquidity Risk:

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management monitors the maturity profile of its financial assets and financial liabilities to ensure that adequate liquidity is maintained or made available, as necessary.

December 31, 2015	One year or less	More than one year	Total
	LBP'000	LBP'000	LBP'000
Financial Assets:			
Cash and banks	54,932,998	-	54,932,998
Notes and accounts receivable	71,403,339	28,680,111	100,083,450
Due from related parties	1,279,151	13,168,948	14,448,099
Other assets	3,376,947	-	3,376,947
Total	130,992,435	41,849,059	172,841,494
Financial Liabilities:			
Bank borrowings	59,677,819	3,102,125	62,779,944
Liabilities under acceptances and trade payables	129,800,798	-	129,800,798
Other current liabilities	11,789,670	-	11,789,670
Due to related parties	5,965,692	-	5,965,692
Other non-current liabilities	-	148,187	148,187
Total	207,233,979	3,250,312	210,484,291

December 31, 2014	One year or less	More than one year	Total
	LBP'000	LBP'000	LBP'000
Financial Assets:			
Cash and banks	25,899,771	-	25,899,771
Notes and accounts receivable	59,924,837	27,185,455	87,110,292
Due from related parties	11,645,238	-	11,645,238
Prepayments and other assets	1,182,800	-	1,182,800
Total	98,652,646	27,185,455	125,838,101
Financial Liabilities:			
Bank borrowings	57,822,896	4,533,875	62,356,771
Liabilities under acceptances and trade payables	107,803,236	-	107,803,236
Other current liabilities	10,093,490	-	10,093,490
Due to related parties	5,298,551	-	5,298,551
Other non-current liabilities	-	1,403,767	1,403,767
Total	181,018,173	5,937,642	186,955,815

(e) Currency Risk:

The Group's currency risk is mainly attributable to the possibility that changes in currency rates will affect its financial position and cash flows; as disclosed in Note 13, the Group is exposed to foreign exchange risks resulting from notes payable stated in Japanese Yen that may occur at the settlement dates and providing the U.S. Dollar remains stable. Also, the financial assets and financial liabilities of the Group's subsidiaries are in U.S. Dollar, Pound Sterling (GBP) and Syrian Pound (SYP) which may expose the Group to exchange rate risk. The Group is not currently using significant financial instruments to hedge such risk.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issuance on August 25, 2016.