

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

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



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. (the Company) and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

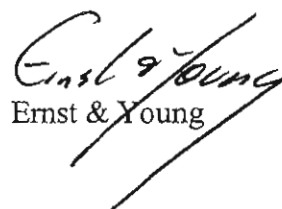
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. and its Subsidiaries (the Group) as of December 31, 2015, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 4, 2016


Deloitte & Touche


Ernst & Young

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

<u>ASSETS</u>	<u>Notes</u>	<u>December 31,</u>	
		<u>2015</u> US\$	<u>2014</u> US\$
Cash and bank balances	6	136,209,358	158,705,194
Prepayments and other debit balances	7	51,853,137	43,261,042
Accounts and notes receivable, net	8	466,209,794	552,290,794
Investment in asset-backed securities	9	69,481,753	72,768,003
Inventory of land and projects in progress	10	1,134,114,848	1,128,277,351
Investment properties, net	11	593,436,775	578,860,903
Investment in associates and joint ventures	12	407,632,317	374,900,423
Fixed assets, net	13	<u>58,562,126</u>	<u>55,022,732</u>
Total Assets		<u>2,917,500,108</u>	<u>2,964,086,442</u>
 <u>LIABILITIES</u>			
Bank overdrafts and short term facilities	14	556,042,962	548,575,050
Accounts payable and other liabilities	15	111,621,702	111,491,349
Dividends payable	16	61,245,107	63,681,032
Deferred revenues and other credit balances	17	98,728,003	65,666,386
Term bank loans	18	<u>132,371,974</u>	<u>110,080,567</u>
Total Liabilities		<u>960,009,748</u>	<u>899,494,384</u>
 <u>EQUITY</u>			
Issued capital at par value			
US\$10 per share:	19		
100,000,000 class (A) shares		1,000,000,000	1,000,000,000
65,000,000 class (B) shares		<u>650,000,000</u>	<u>650,000,000</u>
		1,650,000,000	1,650,000,000
Legal reserve	20	164,070,347	164,070,347
Retained earnings		197,408,966	337,497,132
Cumulative foreign currency translation reserve		(440,731)	(318,337)
Deficit on treasury shares' activity		(21,382,494)	(2,446,798)
Less: Treasury shares	21	<u>(32,165,728)</u>	<u>(84,210,286)</u>
Total Equity		<u>1,957,490,360</u>	<u>2,064,592,058</u>
Total Liabilities and Shareholders' Equity		<u>2,917,500,108</u>	<u>2,964,086,442</u>

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

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

	<u>Notes</u>	<u>Year Ended</u>	
		<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
		US\$	US\$
Revenues from land sales		26,801,762	169,473,806
Revenues from rented properties		56,972,879	61,478,042
Revenues from rendered services	22	6,986,779	6,075,729
Revenues from hospitality		539,864	1,987,400
Total revenues		<u>91,301,284</u>	<u>239,014,977</u>
Cost of land sales		(6,987,900)	(28,417,648)
Depreciation of and charges on rented properties	23	(25,698,051)	(25,491,359)
Cost of rendered services	24	(5,590,618)	(5,210,236)
Cost of hospitality		(841,126)	(3,804,210)
Total cost of revenues		<u>(39,117,695)</u>	<u>(62,923,453)</u>
Gain on sale and disposal of investment properties	11	<u>3,177,153</u>	<u>4,504,635</u>
Net revenues from operations		55,360,742	180,596,159
Share of results of associates and joint ventures	12	27,879,222	18,754,500
General and administrative expenses	25	(33,874,307)	(34,312,427)
Depreciation of fixed assets	13	(4,482,266)	(5,821,948)
Write-back of provision for end-of-service indemnity	15(d)	-	3,475,544
Write-off of receivables	8	(4,778,425)	(3,188,017)
Loss on rescheduled receivables	8	(2,553,157)	(5,925,711)
Provision for contingencies	15(e)	(7,562,022)	(800,000)
Provision for impairment of fixed assets	13	(1,149,677)	(3,927,655)
Provision for impairment	8(d,e)	(104,200,743)	-
Provision for impairment of other debit balances	7(d)	-	(2,100,000)
Other expense	27	(771,658)	(352,769)
Other income	28	4,663,240	700,273
Taxes, fees and stamps	15(c)	(540,869)	(596,438)
Interest income	26	19,346,706	19,693,391
Interest expense	29	(34,840,738)	(34,046,101)
Loss on exchange		(991,970)	(1,125,424)
Profit before tax		(88,495,922)	131,023,377
Income tax benefit/(expense)	15(c)	<u>1,283,167</u>	<u>(17,319,627)</u>
Profit for the year		<u>(87,212,755)</u>	<u>113,703,750</u>
Basic/diluted earnings per share	30	<u>(0.53)</u>	<u>0.71</u>
Attributable to:			
Equity owners of the parent		(87,212,755)	113,703,750
Profit for the year		<u>(87,212,755)</u>	<u>113,703,750</u>

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

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

	Year Ended	
	December 31,	
	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
(Loss)/profit for the year	(87,212,755)	113,703,750
Other comprehensive income:		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation reserve	(122,394)	58,946
Other comprehensive (loss)/income for the year	(122,394)	58,946
Total comprehensive (loss)/income	<u>(87,335,149)</u>	<u>113,762,696</u>
Attributable to:		
Equity owners of the parent	(87,335,149)	113,762,696
	<u>(87,335,149)</u>	<u>113,762,696</u>

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

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

	Total Equity Attributable to Owners of the Parent							Non-Controlling Interest US\$	Total US\$
	Share Capital US\$	Legal Reserve US\$	Retained Earnings US\$	Cumulative Foreign Currency Translation Reserve US\$	Deficit on Treasury Shares' Activity US\$	Treasury Shares US\$	Total US\$		
Balance at January 1, 2014	1,650,000,000	154,380,009	234,569,452	(377,283)	(2,446,798)	(84,210,286)	1,951,915,094	(1,085,732)	1,950,829,362
Allocation to legal reserve from 2014 profit	-	9,690,338	(9,690,338)	-	-	-	-	-	-
Total comprehensive income for the year 2014	-	-	113,703,750	58,946	-	-	113,762,696	-	113,762,696
Acquisition of additional stake in consolidated subsidiaries	-	-	(1,085,732)	-	-	-	(1,085,732)	1,085,732	-
Balance at December 31, 2014	1,650,000,000	164,070,347	337,497,132	(318,337)	(2,446,798)	(84,210,286)	2,064,592,058	-	2,064,592,058
Distribution of dividends (Notes 16 and 21)	-	-	(52,875,411)	-	(18,935,696)	52,044,558	(19,766,549)	-	(19,766,549)
Total comprehensive loss for the year 2015	-	-	(87,212,755)	(122,394)	-	-	(87,335,149)	-	(87,335,149)
Balance at December 31, 2015	<u>1,650,000,000</u>	<u>164,070,347</u>	<u>197,408,966</u>	<u>(440,731)</u>	<u>(21,382,494)</u>	<u>(32,165,728)</u>	<u>1,957,490,360</u>	<u>-</u>	<u>1,957,490,360</u>

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

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

	Notes	Year Ended	
		December 31,	
		2015	2014
		US\$	US\$
Cash flows provided by operating activities:			
Profit for the year before income tax		(88,495,922)	131,023,377
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	31(a)	17,373,396	17,304,267
Gain on sale of investment properties	11	(3,177,153)	(4,504,635)
Loss on sale of fixed assets	27	370,178	158,838
Provision for end-of-service net indemnity	15(d)	3,130,563	819,528
Provision for contingencies	15(e)	7,562,022	800,000
Provision for impairment of fixed assets	13	1,149,677	3,927,655
Write-back of provision for end-of-service indemnity	15 (d)	-	(3,475,544)
Provision for impairment	8 (d,e)	104,200,743	-
Provision for impairment of other debit balances	7(d)	-	2,100,000
Write-off of receivables	8	4,778,425	3,188,017
Loss on rescheduled receivables	8	2,553,157	5,925,711
Share of result of associates and joint ventures	12	(27,879,222)	(18,754,500)
Interest income	26	(19,346,706)	(19,693,391)
Interest expense	31(b)	36,602,101	35,140,030
Changes in working capital:			
Prepayments and other debit balances		(3,277,094)	17,202,949
Accounts and notes receivable		(25,451,325)	(123,820,895)
Inventory of land and projects in progress	31(c)	(44,712,547)	(11,762,097)
Accounts payable and other liabilities		6,819,250	(14,768,052)
Deferred revenues and other credit balances		33,061,617	7,029,859
Interest received		13,924,000	10,588,519
Income tax paid		(15,746,906)	(6,061,382)
Net cash provided by operating activities		<u>3,438,254</u>	<u>32,368,254</u>
Cash flows provided by/(used in) investing activities:			
Investment in asset-backed securities		3,286,250	7,833,123
Short term deposits		-	2,000,000
Acquisition of fixed assets	13	(870,504)	(1,031,420)
Acquisition of investment properties	11&31	(391,876)	(1,507,148)
Proceeds from sale of investment properties	11	5,590,532	6,416,040
Proceeds from sale of fixed assets	13	715,535	196,141
Investment in associates and joint ventures	12	(4,975,125)	-
Net cash provided by investing activities		<u>3,354,812</u>	<u>13,906,736</u>
Cash flows used in financing activities:			
Term bank loans	18	22,291,407	(23,144,375)
Dividends paid	16	(22,202,474)	(2,804,343)
Interest paid		(36,845,747)	(32,100,407)
Short term facilities	14	(1,254)	(12,020,416)
Net cash used in financing activities		<u>(36,758,068)</u>	<u>(70,069,541)</u>
Net change in cash and cash equivalents		(29,965,002)	(23,794,551)
Cash and cash equivalents -- Beginning of the year	31(f)	(78,871,508)	(55,076,957)
Cash and cash equivalents -- End of the year	31(f)	<u>(108,836,510)</u>	<u>(78,871,508)</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE
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