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Independent Auditors' Report

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l.
Beirut - Lebanon

To the shareholders

We have audited the accompanying consolidated financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (the Company) and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. and its Subsidiaries (the Group) as of December 31, 2014, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 18, 2015

Deloitte & Touche

Ernst & Young

Consolidated Statement of Financial Position

The accompanying notes form an integral part of these consolidated financial statements

DECEMBER 31,	notes	2014 US$	2013 US$
ASSETS			
Cash and bank balances	6	158,705,194	176,715,685
Prepayments and other debit balances	7	43,261,042	52,445,036
Accounts and notes receivable, net	8	552,290,794	435,196,235
Investment in asset-backed securities	9	72,768,003	80,601,126
Inventory of land and projects in progress	10	1,128,277,351	1,143,676,320
Investment properties, net	11	578,860,903	564,680,342
Investment in associates and joint ventures	12	374,900,423	356,086,977
Fixed assets, net	13	55,022,732	64,095,894
Total Assets		**2,964,086,442**	**2,873,497,615**
LIABILITIES			
Bank overdrafts, short and medium term facilities	14	548,575,050	552,811,406
Accounts payable and other liabilities	15	111,491,349	114,911,477
Dividends payable	16	63,681,032	66,485,375
Deferred revenue and other credit balances	17	65,666,386	55,235,052
Term bank loans	18	110,080,567	133,224,943
Total Liabilities		899,494,384	922,668,253
EQUITY			
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		650,000,000	650,000,000
		1,650,000,000	1,650,000,000
Legal reserve		164,070,347	154,380,009
Retained earnings	20	337,497,132	234,569,452
Cumulative foreign currency translation reserve		(318,337)	(377,283)
Deficit on treasury shares' activity		(2,446,798)	(2,446,798)
Less: Treasury shares	21	(84,210,286)	(84,210,286)
Total equity attributable to the owners of the parent		2,064,592,058	1,951,915,094
Non-controlling interests	22	-	(1,085,732)
Total Equity		2,064,592,058	1,950,829,362
Total Liabilities and Shareholders' Equity		**2,964,086,442**	**2,873,497,615**

Consolidated Statement of Profit or Loss

The accompanying notes form an integral part of these consolidated financial statements

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

Consolidated Statement of Profit or Loss and other Comprehensive Income

The accompanying notes form an integral part of these consolidated financial statements

YEAR ENDED DECEMBER 31,	notes	2014 US$	2013 US$
Profit for the year		113,703,750	42,580,168
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve	12	58,946	93,068
Other comprehensive income for the year		58,946	93,068
Total comprehensive income		**113,762,696**	**42,673,236**
Attributable to:			
Equity owners of the parent		113,762,696	43,029,582
Non-controlling interests		-	(356,346)
		113,762,696	**42,673,236**

Consolidated Statement of Changes In Equity

The accompanying notes form an integral part of these consolidated financial statements

	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT								
	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$	NON-CONTROLLING INTEREST US$	TOTAL US$
Balance at January 1, 2013	1,650,000,000	150,411,796	195,601,151	(470,351)	(2,446,798)	(84,210,286)	1,908,885,512	(729,386)	1,908,156,126
Allocation to legal reserve from 2013 profit	-	3,968,213	(3,968,213)	-	-	-	-	-	-
Total comprehensive income	-	-	42,936,514	93,068	-	-	43,029,582	(356,346)	42,673,236
Balance at December 31, 2013	1,650,000,000	154,380,009	234,569,452	(377,283)	(2,446,798)	(84,210,286)	1,951,915,094	(1,085,732)	1,950,829,362
Allocation to legal reserve from 2014 profit	-	9,690,338	(9,690,338)	-	-	-	-	-	-
Total comprehensive income	-	-	113,703,750	58,946	-	-	113,762,696	-	113,762,696
Acquisition of additional stake in consolidated subsidiaries	-	-	(1,085,732)	-	-	-	(1,085,732)	1,085,732	-
Balance at December 31, 2014	**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**

Consolidated Statement of Cash Flows

The accompanying notes form an integral part of these consolidated financial statements

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

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

1 Formation and Objective of the Company

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (Solidere) (the Company) was established as a Lebanese joint stock company on May 5, 1994 based on Law No. 117/91, and was registered on May 10, 1994 under Commercial Registration No. 67000. The articles of incorporation of the Company were approved by Decree No. 2537 dated July 22, 1992.

The objective of the Company, is to acquire real estate properties, to finance and ensure the execution of all infrastructure works in the Beirut Central District (BCD) area, to prepare and reconstruct the BCD area, to reconstruct or restore the existing buildings, to erect buildings and sell, lease or exploit such buildings and lots and to develop the landfill on the seaside.

The duration of the Company is 25 years, beginning from the date of establishment. An extraordinary general assembly dated June 29, 1998 resolved to amend the duration of the Company to be 75 years beginning from the date of establishment. During 2005, the Council of Ministers approved the extension of the duration of the Company for 10 years.

The Company, based on law No.117/91 mentioned above, was exempt from income tax for a period of ten years beginning on the date of formation. As such beginning May 10, 2004, the Company became subject to income tax.

An extraordinary general assembly dated November 13, 2006 resolved to amend the objective of the Company to include providing services and consultancy in real estate development for projects outside the BCD area and all over the world.

During 2007, the Company granted Solidere International Limited (an associate) the right to use the "Solidere" brand in the execution of real estate projects outside the Beirut Central District area of Lebanon.

The Company's shares are listed on the Beirut stock exchange and Global Depository Receipts (GDR) are listed on the London stock exchange (International Trading List).

2 New and Revised International Financial Reporting Standards (IFRSs)

2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

In the current year, the Group has applied the following new and revised Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective with a date of initial application of January 1, 2014 and that are applicable to the Group:

Amendments to IFRS 10, IFRS 12, and IAS 27 Investment Entities;
The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.
To qualify as an investment entity, a reporting entity is required to:

> Obtain funds from one or more investors for the purpose of providing them with investment management services;
> Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
> Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The amendments require retrospective application.

Amendments to IAS32 Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realization and settlement". The amendments require retrospective application.

Amendments to IAS36 Recoverable Amount Disclosures for Non-Financial Assets
The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with definite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
The amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

IFRIC 21 Levies
IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

The application of the above new and revised Standards did not have a material impact on the disclosures and amounts reported for the current and prior years, but may affect the accounting for future transactions or arrangements.

2.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
> Annual Improvements to IFRSs 2010-2012 Cycle that include amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
> Annual Improvements to IFRSs 2011-2013 Cycle that include amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
> IFRS 15 *Revenue from Contracts with Customers* - establishes 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. 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 and services.	1 January 2017
> Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* – provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined under IFRS 3 Business Combinations.	1 January 2016
> Amendments to IAS 16 and IAS 38 *Classification of Acceptable Methods of Depreciation and Amortization* – Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset.	1 January 2016
> Amendments to IAS 27 *Separate Financial Statements* permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method of accounting in separate financial statements.	1 January 2016
> Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture to (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business; i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by a direct sale of the assets themselves.	1 January 2016
> Amendments to IAS 1 *Presentation of Financial Statements* address perceived impediments to preparers of financial statements exercising their judgment in presenting the financial reports.	1 January 2016
> Amendments to IFRS 10 *Consolidated Financial Statements,* IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011) clarify certain aspects of applying the consolidation exception for investment entities.	1 January 2016
> Amendments to IAS 16 and IAS 41 *Agriculture*: Bearer Plants- define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance to IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.	1 January 2016
> Annual Improvements to IFRSs 2012-2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19, and IAS34.	1 January 2016
> IFRS 9 *Financial Instruments* (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit early application for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. The main amendments to hedge accounting are summarized by (i) The 80 – 125% rule for testing of hedge effectiveness is no longer required, (ii) hedge effectiveness is measured prospectively with no more consideration for retrospective testing, (iii) funding of foreign investments in foreign currency can be considered as a hedge and related foreign currency adjustment is deferred under equity, (iv) hedging instrument can be re-designated and periodically revisited to eliminate mismatch, and (v) cash flow hedge for fixed income securities classified at amortized cost has become eligible.	1 January 2018

This version of the standard remains available for application if the relevant date of initial application is before 1 February 2015.

The final version of IFRS 9 *Financial Instruments* (2014) was issued in July 2014 to replace IAS 39: *Financial Instruments: Recognition and Measurement*. IFRS 9 (2014) incorporates requirements for classification and measurement, impairment, general hedge accounting and derecognition. The final version of IFRS 9 introduces a) new classification for debt instruments that are held to collect contractual cash flows with ability to sell, and related measurement requirement consists of "fair value through other comprehensive income (FVTOCI), and b) impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired. On phase 1 and 2 income from time value is recognized on the gross amount of the credit exposure and in phase 3 income is recognized on the net exposure.

Except for IFRS 9 and IFRS 15, 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

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

The consolidated financial statements are presented in U.S. Dollars.

The consolidated financial statements are prepared under the historical cost convention as modified for the measurement at fair value of available-for-sale financial assets and derivatives, as applicable.

The consolidated financial statements incorporate the financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. and its controlled subsidiaries drawn up to December 31 of each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

> Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

> Exposure, or rights, to variable returns from its involvement with the investee, and

> The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

> The contractual arrangement with the other vote holders of the investee,

> Rights arising from other contractual arrangements, and
> The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

> Derecognizes the assets (including goodwill) and liabilities of the subsidiary
> Derecognizes the carrying amount of any non-controlling interests
> Derecognizes the cumulative translation differences recorded in equity
> Recognizes the fair value of the consideration received
> Recognizes the fair value of any investment retained
> Recognizes any surplus or deficit in profit or loss
> Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Group entities comprise the following:

COMPANY	OWNERSHIP SHARE 2014 %	2013 %	DATE OF ESTABLISHMENT	ACTIVITY
Solidere Management Services s.a.l.	100	100	June 2006	Real Estate Management
Solidere Management Services (Offshore) s.a.l.	100	100	March 2007	Real Estate Management
Solidere International Holdings s.a.l.	100	100	May 2007	Holding
BHC Holding s.a.l.	100	100	March 2010	Holding
BHC1 s.a.l.	100	100	April 28, 2010	Hospitality
BHC2 s.a.l.	100	100	April 28, 2010	Hospitality
BHC3 s.a.l.	100	100	May 28, 2010	Hospitality
BHC4 s.a.l.	100	100	April 28, 2010	Hospitality
BHC5 s.a.l.	100	100	April 28, 2010	Hospitality
BHC6 s.a.l.	100	100	April 28, 2010	Hospitality
BHC7 s.a.l.	100	100	July 3, 2010	Hospitality
BHC9 s.a.l.	100	100	June 28, 2010	Hospitality
MATS s.a.l.	100	80	June 22, 2010	Hospitality

The significant accounting policies adopted are set out below:

A. BASIS OF PRESENTATION

In view of the long term nature and particulars of the Group's operations, the consolidated financial statements are presented on the basis that the operations have realization and liquidation periods spread over the duration of the Group and which are subject to market conditions and other factors commonly associated with real estate development projects; as such, the consolidated statement of financial position is shown as unclassified without distinction between current and long-term components.

B. FOREIGN CURRENCIES

The functional and presentation currency is the U.S. Dollar, in accordance with the applicable law, which reflects the economic substance of the underlying events and circumstances of the Group. Transactions denominated in other currencies are translated into U.S. Dollar at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities stated in currencies other than the U.S. Dollar are translated at the rates of exchange prevailing at the end of the year. The resulting exchange gain or loss is reflected in the consolidated statement of profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

C. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

(a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

(b) If the instrument will or may be settled from the Group's own equity instruments; it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and Receivables

Loans and receivables which include investment in asset-backed securities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired as well as through the amortization process.

Held-to-Maturity Investment Securities

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available-for-sale.

Held-to maturity investments are carried at amortized cost.

Impairment and Uncollectibility of Financial Assets

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset or group of assets and any impairment loss are determined based on the net present value of expected future cash flows discounted at original effective interest rates. Impairment losses are recognized in the consolidated statement of profit or loss.

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 consolidated 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 consolidated 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.

Derecognition

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

> The rights to receive cash flows from the asset have expired, or
> The Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass through' arrangement, and
> Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is derecognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

Offsetting

Financial assets and financial liabilities are only offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

D. INVENTORY OF LAND AND PROJECTS IN PROGRESS

Inventory of land and projects in progress are stated at the lower of cost and estimated net realizable value. Costs include appraisal values of real estate plots constituting the contributions in kind to capital (A shares), in addition to capitalized costs. Capitalized costs comprise the following:

> Project direct costs and overheads related to the properties development, construction and project management as a whole, as well as acquisition, zoning, and eviction costs.
> Indirect costs, such as overheads, which were partially allocated to inventory of land and projects in progress.
> Borrowing cost as defined in Note 3(M).

E. INVESTMENT PROPERTIES

Investment properties which represent properties held to earn rent and/or for capital appreciation are measured initially at cost and subsequent to initial recognition are stated at their cost less accumulated depreciation and any impairment in value.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties, excluding the cost of land, based on the following annual rates:

Buildings	*2%*
Furniture, fixtures, equipment and other assets	*4%-15%*

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

F. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of results of associates and joint ventures' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

G. FIXED ASSETS

Fixed assets are stated at cost net of accumulated depreciation and any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual rates:

Buildings	*2%*
Marina	*2%*
Furniture and fixtures	*8-20%*
Freehold improvements	*8-20%*
Machines and equipment	*15%-20%*

Expenditure incurred to replace a component of an item of fixed assets that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of fixed assets. All other expenditure is recognized in the consolidated statement of profit or loss as the expense is incurred.

H. IMPAIRMENT OF TANGIBLE ASSETS

At each consolidated statement of financial position date, the carrying amounts of tangible assets (investment properties, fixed assets and inventory of land and projects in progress) are reviewed to determine whether there is any indication that these 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.

Recoverable amount is defined as the higher of:

> Fair value that reflects market conditions at the balance sheet date less cost to sell, if any.
> Value in use assessed as the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life, only for applicable assets with cash generation units, as applicable.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of 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.

The impairment loss is recognized in the consolidated statement of profit or loss.

I. TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Gains on sale of treasury shares are recorded under a reserve account in equity. Losses in excess of previously recognized gains are charged to retained earnings.

J. REVENUE RECOGNITION

Revenue on land and real estate sales transactions is recognized on the basis of the full accrual method as and when the following conditions are met:

> A sale is consummated and contracts are signed.
> The buyer's initial (in principle over 25% of sales price) and continuing investments are adequate to demonstrate a commitment to pay for the property.
> The Group's receivable is not subject to future subordination.
> The Group has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and the Group does not have a substantial continuing involvement with the property.

If any of the above conditions is not met, the initial payments received from buyers are recorded under deferred revenues and other credit balances. Amounts are released to revenue as and when the above conditions are fulfilled.

Financial assets (including treasury shares) received in return for the sale of land and real estate are valued at fair market value.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Interest income is recognized as interest accrues using the effective interest method, by reference to the principal outstanding and the applicable interest rate.

Revenue from rendering of services is recognized when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the consolidated statement of financial position date.

Revenue from hospitality consists mainly of food and beverage revenue, and is recognized when the related services are provided.

Revenue from broadband network services is recognized when the service is rendered.

K. COST OF SALES

Cost of properties sold is determined on the basis of the built up area (BUA) - permitted right to build in square meters - on the sold plots based on the terms of the sales agreements. The cost of one square meter of BUA is arrived at by dividing, total estimated cost of the land development project over total available BUA after deduction of the BUA relating to recuperated properties and those relating to the religious and public administrations.

L. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and short-term facilities with an original maturity of three months or less.

M. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, and inventory of land and projects in progress, and investing of land and projects in process, which are assets that necessarily take a substantial period of time to be ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

All other borrowing costs are reflected in the consolidated statement of profit or loss in the period in which they are incurred.

N. BANK BORROWINGS

Interest-bearing bank loans and overdrafts are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized in profit or loss over the term of the borrowings through the amortization process, using the effective interest rate method.

O. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value. Due to their short-term nature, the carrying amount of trade and other payables approximates their fair values as of the date of the consolidated statement of financial position. Average maturity dates of trade payables range between 30-90 days. Short duration payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

P. TAXATION

Current Tax
Income tax is determined and provided for in accordance with the Lebanese tax laws. Income tax expense is calculated based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in future years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted at the consolidated statement of financial position date. Provision for income tax is reflected in the consolidated statement of financial position net of taxes previously settled in the form of withholding tax.

Deferred tax
Deferred income tax is provided, using the liability method, on all temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the consolidated statement of financial position date.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Taxes payable on unrealized revenues are deferred until the revenue is realized.

Current tax and deferred tax relating to items that are credited or charged directly to other comprehensive income are recognized directly in other comprehensive income.

Value added tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except:

Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Q. 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 an outflow of resources embodying economic benefits 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 consolidated statement of financial position date, 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 these cash flows.

R. EMPLOYEES' END-OF-SERVICE BENEFITS

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

S. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

T. DIVIDENDS ON SHARES

Dividends on shares are recognized as a liability and deducted from equity when they are approved by the General Assembly of the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

4 Critical Accounting Judgments and Use of Estimates

In the application of the accounting policies described in Note 3 above, 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.

The most significant estimate made by the Group is the determination of the aggregate cost of the Beirut Central District Project.

GOING CONCERN

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the consolidated financial statements continue to be prepared on the going concern basis.

IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLE AND INVESTMENT IN ASSETS-BACKED SECURITIES

An estimate of the collectible amount of accounts and notes receivable and investment in asset-backed securities is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is set up according to the length of time past due, based on historical recovery rates.

Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognized in the consolidated statement of profit or loss.

IMPAIRMENT OF INVESTMENT IN JOINT VENTURES AND ASSOCIATES

The Group assesses at each reporting date whether there is indication that an investment may be impaired. If any indication exists the Group estimates the investment's recoverable amount. When the cost of the investment exceeds the recoverable amount, the investment is considered impaired and a provision for impairment is setup representing the difference between the investment's recoverable amount and its carrying value. The provision is charged to the consolidated statement of profit or loss.

ESTIMATION OF NET REALIZABLE VALUE FOR INVENTORY PROPERTY AND INVESTMENT PROPERTIES

Inventory property is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at reporting date for similar completed property, less estimated cost to complete construction, and an estimate of the time value of money to the date of completion

5 Operating Segments

For management purposes, the Group is organized into business units according to their operations and has three reportable segments as follows:

Real estate sales
Real estate rental and rendered services
Hospitality

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements.:

2014	REAL ESTATE SALES	REAL ESTATE RENTAL AND RENDERED SERVICES	HOSPITALITY	ELIMINATIONS	TOTAL
	US$	US$	US$	US$	US$
Total assets	**2,461,974,432**	**627,413,455**	**6,967,784**	**(132,269,229)**	**2,964,086,442**
Total liabilities	**705,284,557**	**192,003,931**	**32,812,900**	**(30,607,004)**	**899,494,384**

2014					
Revenues	169,473,806	69,053,771	1,987,400	(1,500,000)	239,014,977
Cost of revenues	(28,417,648)	(33,701,595)	(3,804,210)	3,000,000	(62,923,453)
Gain on sale and disposal of investment properties	-	4,504,635	-	-	4,504,635
Net revenues from operations	141,056,158	39,856,811	(1,816,810)	1,500,000	180,596,159
Share of results of associates and joint ventures	-	18,754,500	-	-	18,754,500
General and administrative expenses	(28,034,549)	(4,407,833)	(370,045)	(1,500,000)	(34,312,427)
Depreciation of fixed assets	(3,263,006)	(362,556)	(2,196,386)	-	(5,821,948)
Loss on rescheduled receivables	(5,925,711)	-	-	-	(5,925,711)
Loss on exchange	(1,122,630)	(2,285)	(509)	-	(1,125,424)
Provision for impairment of fixed assets	-	-	(3,927,655)	-	(3,927,655)
Write-back of provision for end-of-service indemnity	3,475,544	-	-	-	3,475,544
Provision for impairment of other debit balances	-	(2,100,000)	-	-	(2,100,000)
Provision for contingencies	(800,000)	-	-	-	(800,000)
Write-off of receivables	-	(3,188,017)	-	-	(3,188,017)
Other expense	(71,225)	-	(281,544)	-	(352,769)
Other income	435,742	-	264,531	-	700,273
Taxes, fees and stamps	(577,126)	(15,194)	(4,118)	-	(596,438)
Interest income	19,438,773	250,625	3,993	-	19,693,391
Interest expense	(33,307,165)	(17,999)	(720,937)	-	(34,046,101)
Profit/(loss) before tax	91,304,805	48,768,052	(9,049,480)	-	131,023,377
Income tax expense	(17,319,627)	-	-	-	(17,319,627)
Profit/(loss) for the year	**73,985,178**	**48,768,052**	**(9,049,480)**	**-**	**113,703,750**

2013	REAL ESTATE SALES	REAL ESTATE RENTAL AND RENDERED SERVICES	HOSPITALITY	ELIMINATIONS	TOTAL
	US$	US$	US$	US$	US$
Total assets	**2,171,938,713**	**839,747,864**	**15,023,312**	**(153,212,274)**	**2,873,497,615**
Total liabilities	**706,725,005**	**208,641,630**	**31,818,948**	**(24,517,330)**	**922,668,253**

2013					
Revenues	94,890,673	64,727,309	4,453,119	(1,812,919)	162,258,182
Cost of revenues	(18,660,599)	(31,196,448)	(7,469,010)	3,625,838	(53,700,219)
Gain on sale and disposal of investment properties	-	4,234,383	-	-	4,234,383
Net revenues from operations	76,230,074	37,765,244	(3,015,891)	1,812,919	112,792,346
Share of results of associates and joint ventures	-	294,112	-	-	294,112
General and administrative expenses	(25,482,260)	(2,825,218)	(790,699)	(1,812,919)	(30,911,096)
Depreciation of fixed assets	(3,406,937)	(378,548)	(2,782,419)	-	(6,567,904)
Write-Back of provision for receivables, net	417,209	-	-	-	417,209
Provision for impairment of other debit balances	-	(2,000,000)	-	-	(2,000,000)
Provision for impairment of fixed assets	-	-	(3,000,000)	-	(3,000,000)
Provision for contingencies	(2,300,000)	-	-	-	(2,300,000)
Write-off of receivables	-	(1,306,950)	-	-	(1,306,950)
Other expense	(3,991,870)	-	(486,834)	674,830	(3,803,874)
Other income	554,071	-	948,465	(674,830)	827,706
Taxes, fees and stamps	(963,425)	(1,359,526)	(10,401)	-	(2,333,352)
Interest income	18,640,676	269,453	9,428	-	18,919,557
Interest expense	(30,784,354)	(15,465)	(916,888)	-	(31,716,707)
Loss on exchange	(945,208)	(743)	(16,143)	-	(962,094)
Profit/(loss) before tax	27,967,976	30,442,359	(10,061,382)	-	48,348,953
Income tax expense	(5,768,785)	-	-	-	(5,768,785)
Profit/(loss) for the year	**22,199,191**	**30,442,359**	**(10,061,382)**	**-**	**42,580,168**

6 Cash and Bank Balances

DECEMBER 31,	2014 US$	2013 US
Cash on hand	58,491	59,685
Checks under collection	26,844,731	-
Current accounts	15,225,943	10,283,705
Short term deposits	116,576,029	166,372,295
	158,705,194	**176,715,685**

Short term deposits mature between January and March 2015 (December 31, 2013: Short term deposits mature between January and March 2014 except for US$1million that matures in July 2014 and another US$1million in October 2014). The average yield on the term deposits for the year ended December 31, 2014 was approximately 4.01% (4.2% for the year ended December 31, 2013).

7 Prepayments and Other Debit Balances

DECEMBER 31,	2014 US$	2013 US
Advance payments to contractors	3,783,484	2,228,860
Advances to employees	2,772,721	2,106,137
Accrued interest income (a)	18,945,200	23,263,142
Prepaid expenses	7,018,916	6,389,447
Deferred tax assets (b)	1,612,500	2,899,919
Due from associates, joint ventures and related parties (c)	4,796,853	9,179,846
Other debit balances, (net) (d)	4,331,368	6,377,685
	43,261,042	**52,445,036**

(a) Accrued interest income consists of the following:

DECEMBER 31,	2014 US$	2013 US
Interest on bank deposits and asset-backed securities	1,181,373	3,357,249
Interest on notes and accounts receivable	6,140,847	11,684,393
Interest on long term loan to a joint venture (Note 12 (a))	11,622,980	8,221,500
	18,945,200	**23,263,142**

(b) Deferred tax assets consists of the following:

DECEMBER 31,	2014 US$	2013 US
Deferred tax assets on unrealized profits from sales to a joint venture (Note 12(a))	1,612,500	1,612,500
Deferred tax assets on provision for receivable (Note 15(c))	-	1,287,419
	1,612,500	**2,899,919**

(c) Due from associates, joint ventures and related parties consists of the following:

DECEMBER 31,	2014 US$	2013 US
Solidere International Limited (Associate)	662,147	2,275,647
City Makers S.A.R.L (Related party)	66,481	714,661
BCD Cinemas s.a.l. (Associate)	3,942,331	6,063,644
Beirut Real Estate Management and Services s.a.l. (Joint venture)	3,394	3,394
ASB – Downtown s.a.l. (Associate)	122,500	122,500
	4,796,853	**9,179,846**

The above balances are interest free and are of a current nature.

(d) Other debit balances are stated net of provisions in the amount of US$2,100,000 as at December 31, 2014 (December 31, 2013: provisions in the amount of US$2,000,000). The movement of the provisions was as follows:

DECEMBER 31,	2014 US$	2013 US
Balance, beginning of the year	2,000,000	-
Additions	2,100,000	2,000,000
Write-offs	(2,000,000)	-
Balance, end of the year	**2,100,000**	**2,000,000**

8 Accounts and Notes Receivable, Net

DECEMBER 31,	2014 US$	2013 US
Notes receivable (a)	594,143,809	354,634,917
Accounts receivable (b)	8,073,367	106,834,673
Reserve account receivable from BCD 1 Fund (Note 9)	7,350,579	3,803,007
Deferred charges from securitization of notes (Note 9)	4,928,469	2,846,993
Receivables from tenants (c)	48,552,552	47,251,925
Less: Unearned interest (a)	(103,298,752)	(64,133,259)
Less: Provision for problematic receivables (d)	(7,459,230)	(16,042,021)
	552,290,794	435,196,235

The Group's credit risk exposure in notes and accounts receivable is spread over 21 counter-parties; 11 customers constitute 91% of the total exposure and 10 customers constitute the remaining 9% as of December 31, 2014 (as of December 31, 2013, 42 counter-parties; 8 customers constitute 93% of the total exposure and 34 customers constitute the remaining 7%).

The Group's credit exposure in receivables from tenants is spread over a large number of counter-parties; 11 tenants constitute 50% of the total exposure as of December 31, 2014 (12 tenants constitute 50% of the total exposure as of December 31, 2013).

The average yield on accounts and notes receivable is mainly dependent on the Libor rate.

(a) Notes receivable, which resulted mainly from sales carry the following maturities:

DECEMBER 31,	2014 US$	2013 US
Doubtful balances	9,178,529	9,654,782
Overdue but not impaired	9,015,626	15,291
2014	-	11,097,275
2015	73,460,736	61,282,699
2016	96,021,020	72,012,147
2017 and above	406,467,898	200,572,723
	594,143,809	**354,634,917**

During 2014, the Group rescheduled the payments of two customers whose aggregate notes receivable balance amounted to US$120,263,000 resulting in a loss of US$5,925,711 recorded in the consolidated statement of profit or loss.

(b) Accounts receivable carry the following maturities:

DECEMBER 31,	2014 US$	2013 US
Doubtful balances	-	8,750,000
Overdue but not impaired	2,724,269	11,298,957
2014	-	30,285,716
2015	2,709,306	-
2016	2,639,792	7,500,000
2017	-	12,000,000
2018	-	12,000,000
2019	-	12,000,000
2020	-	13,000,000
	8,073,367	**106,834,673**

During 2014, amounts due in 2017 up to 2020 were transferred to notes receivable after the customers signed the relevant promissory notes.

(c) On January 5, 2015, the final result of the arbitration between the Company and the Lebanese Ministry of Foreign Affairs and Immigrants regarding the rent of property 1134 Zokak Blat for the use of the Economic and Social Commission for Western Asia ESCWA was concluded. As a result, the Company was awarded an indemnity in the amount of US$3,278,868 for the period from August 31, 2008 to August 31, 2013 in addition to a monthly indemnity in the amount of US$703,292 for the entire period of usage of the plot by the Ministry of Foreign Affairs and Immigrants until final evacuation as per the final arbitration decision.

The awarded indemnity amounting to US$3,278,868 was recorded under revenues from rented properties in the consolidated statement of profit or loss in addition to rental revenues in the amount of US$8,637,723 for the year 2014 against receivable from the Ministry of Foreign Affairs and Immigrants outstanding as at December 31, 2014.

During 2014, the Group wrote-off doubtful receivables from tenants in the amount of US$3,188,017 recorded under"Write-off of receivables" in the consolidated statement of profit or loss (US$1,306,950 during the year 2013).

(d) The movement of provision for problematic receivables is as follows:

DECEMBER 31,	2014 US$	2013 US
Balance at the beginning of the year	16,042,021	16,459,230
Additions	-	8,582,791
Write-back	-	(9,000,000)
Write-off	(8,582,791)	-
Balance at the end of the year	**7,459,230**	**16,042,021**

9 Investment in Asset-Backed Securities

During 2013, the Group signed an agreement with a local financial institution to securitize notes receivable with an aggregate nominal value of US$185million relating to 4 customers creating Beirut Central District SIF 1 Fund (the BCD 1 Fund). As a result, the Group collected an amount of US$93,821,227, net of reserve account and transaction costs.
The Group subscribed to the following notes issued by the BCD 1 Fund:

CLASS OF NOTES	TOTAL ISSUANCE US$	SUBSCRIPTION AMOUNT US$	CARRYING AMOUNT DEC.31 2014 US$	CARRYING AMOUNT DEC. 31 2013 US$	INTEREST RATE %
Loans and receivables:					
Class A	130,000,000	28,000,000	17,607,553	25,440,676	5
Class B	45,000,000	45,000,000	45,000,000	45,000,000	5
	175,000,000	73,000,000	62,607,553	70,440,676	
Held-to-Maturity:					
Class C	10,160,450	10,160,450	10,160,450	10,160,450	-
	10,160,450	10,160,450	10,160,450	10,160,450	
	185,160,450	**83,160,450**	**72,768,003**	**80,601,126**	

Class A Notes are redeemable on a semi-annual basis. Class B Notes are also redeemable on a semi-annual basis provided the redeemable portion of Class A Notes is settled and funds are available. Class A and Class B Notes are classified as"loans and receivables". Class B Notes are subordinated to Class A Notes. Class C Notes are subordinated to Class A and Class B Notes and will be repaid by the BCD 1 Fund solely if excess funds are available from collection of assets. Class C Notes are classified as held-to-maturity.

Interest on Class A and Class B Notes are payable semi-annually starting July 17, 2013 and July 17, 2014, respectively. Interest on Class B Notes is non-cumulative and is paid solely from available funds after payment of the BCD 1 Fund's dues for the related periods.

Interest income on Class A Notes in the amount of US$1,029,001 for the year 2014 (US$2,211,768 on Class A and Class B for the year 2013) is recorded under"Interest income" in the consolidated statement of profit or loss (Note 27). During 2014, the Group derecognized the interest accrued during 2013 on Class B Notes in the amount of US$1,024,215 as these are considered uncollectible (Note 27).

Structuring, arrangement and placement fees incurred and paid under the securitization agreement in the amount of US$1,528,773 for the year 2013 are booked under "Other expenses" in the consolidated statement of profit or loss in addition to other expenses paid by Solidere in the amount of US$222,050 (Note 28).

The Group placed a reserve account in the amount of US$6,650,000, as stipulated by the BCD 1 Fund's regulations, to cover any shortfall in payments of principal and interest of the asset-backed securities issued by the BCD 1 Fund and to cover the senior expenses of the BCD 1 Fund. According to the BCD 1 Fund regulations, the reserve account balance should be maintained at US$6,650,000. During 2014, an amount of US$2,081,476 was used to cover the shortfall in payments (US$2,846,993 during 2013). The decrease in the reserve account was recorded under"Deferred charges from securitization of notes"under"Accounts and notes receivables, net"and will be recovered from any subsequent distributions made by the BCD 1 Fund (Note 8).

The movement of the reserve account receivable from BCD 1 Fund is as follows:

DECEMBER 31,	2014 US$	2013 US
Balance at the beginning of the year	3,803,007	-
Additions	5,629,048	6,650,000
To cover shortfall in payments of principal and interest	(2,081,476)	(2,846,993)
Balance at the end of the year	**7,350,579**	**3,803,007**

10 Inventory of Land and Projects in Progress

DECEMBER 31,	2014 US$	2013 US
Land and land development works, net (a)	989,846,476	999,517,445
Real estate development projects, net (b)	138,430,875	144,158,875
	1,128,277,351	**1,143,676,320**

(a) Land and land development works include the following cost items:

DECEMBER 31,	2014 US$	2013 US
Acquired properties (a.1)	970,823,554	970,693,556
Pre-acquisition costs (a.2)	9,412,802	9,412,802
Infrastructure costs (a.3)	823,244,074	814,431,299
Eviction costs (a.4)	260,351,968	260,351,968
Capitalized costs (a.5)	89,103,523	81,012,330
Cumulative costs	2,152,935,921	2,135,901,955
Less:Cost of land sold, net	(1,004,230,247)	(977,525,312)
Less:Cost of land transferred to real estate development projects (Note 10 (b))	(152,506,077)	(152,506,077)
Less:Cost of infrastructure transferred to real estate development projects	(6,353,121)	(6,353,121)
	989,846,476	**999,517,445**

(a.1) Acquired properties consist mainly of the aggregate initial appraised value attributed to the plots included in the BCD area of US$1,170,001,290 net of the recuperated properties. The aggregate appraised value is determined in accordance with Decree No. 2236 (dated February 19, 1992 based on the decision of the Higher Appraisal Committee, which was established in accordance with Law No. 117/91). Acquired properties include the value of purchased and exchanged properties as well.

Law No. 117/91 stated the requirements for property recuperation and exemption. In this respect properties appraised at US$255million were recuperated by original owners and properties appraised at US$133million were not claimed for recuperation.

(a.2) Pre-acquisition costs include technical and master plan studies incurred during the set up period of the Group.

(a.3) Infrastructure costs consists of the following:

DECEMBER 31,	2014 US$	2013 US
Sea front defense	297,385,138	297,260,485
Work executed in the traditional BCD area	177,555,153	173,315,571
Land reclamation and treatment	103,056,266	102,561,049
Electricity power station	42,809,057	42,781,482
Borrowing costs (Note 29)	44,729,566	44,501,556
Other costs	157,708,894	154,011,156
	823,244,074	**814,431,299**

(a.4) Eviction costs represent the costs of relocating previous settlers out of the BCD area which were mainly paid through the Central Fund for the Displaced (a public authority).This caption is stated net of US$22.2million as of December 31, 2014 (US$22.2million as of December 31, 2013) representing a 10% charge on recuperated properties appraised values collected from original owners other than religious and governmental recuperated properties.

(a.5) Capitalized costs represent allocation of direct overheads. Costs capitalized during the year ended December 31, 2014 amounted to US$9.9million (US$9.9million during the year ended December 31, 2013) (Note 26).

(b) Real estate development projects include the following:

DECEMBER 31,	2014 US$	2013 US
Construction and rehabilitation of buildings	744,533,989	724,194,853
Cost of land (Note 10 (a))	152,506,077	152,506,077
Cumulative costs	897,040,066	876,700,930
Less: Cost transferred to investment properties, net	(684,785,918)	(658,718,782)
Cost transferred to fixed assets	(29,659,018)	(29,659,018)
Cost of real estate sold	(44,164,255)	(44,164,255)
	138,430,875	**144,158,875**

During 2014, the Group transferred an aggregate amount of US$26,067,136 (US$133,520,101 during 2013) to investment properties representing cost of land and building of various completed projects (Note 11).

During 2014, the Group allocated interest expense to real estate development projects in the amount of US$865,919 (US$2,430,109 during 2013) (Note 29).

11 Investment Properties, Net

	BALANCES AS AT, DECEMBER 31, 2013 US$	ADDITIONS US$	TRANSFERS NOTE 10 (B) US$	DISPOSALS AND SALES US$	BALANCE AS AT DECEMBER 31, **2014** US$
COST					
Land	114,682,757	-	965,028	(445,833)	115,201,952
Buildings	473,335,326	1,227,598	25,102,108	(1,796,546)	497,868,486
Other assets	36,309,109	279,552	-	-	36,588,661
	624,327,192	1,507,150	26,067,136	(2,242,379)	649,659,099
ACCUMULATED DEPRECIATION					
Buildings	48,739,235	9,504,440	-	(330,973)	57,912,702
Other assets	10,907,615	1,977,879	-	-	12,885,494
	59,646,850	11,482,319	-	(330,973)	70,798,196
Net Book Value	**564,680,342**				**578,860,903**

	BALANCES AS AT, DECEMBER 31, 2012 US$	ADDITIONS US$	TRANSFERS NOTE 10 (B) US$	DISPOSALS AND SALES US$	BALANCE AS AT DECEMBER 31, 2013 US$
COST					
Land	90,527,308	-	24,700,343	(544,894)	114,682,757
Buildings	361,115,221	5,213,456	108,819,758	(1,813,109)	473,335,326
Other assets	35,563,136	745,973	-	-	36,309,109
	487,205,665	5,959,429	133,520,101	(2,358,003)	624,327,192
ACCUMULATED DEPRECIATION					
Buildings	41,648,136	7,107,487	-	(16,388)	48,739,235
Other assets	8,919,167	1,988,448	-	-	10,907,615
	50,567,303	9,095,935	-	(16,388)	59,646,850
Net Book Value	**436,638,362**				**564,680,342**

Investment properties include rented and available for rent properties. These represent "Beirut Souks", "BCD Cinemas", a property leased out to the Ministry of Foreign Affairs and Emigrants, for use by an international agency, residential complexes, an embassy complex, and other restored buildings.

Disposals of land, building and other assets resulted in a gain of US$4,504,635 recorded under "Gain on sale and disposal of investment properties" in the consolidated statement of profit or loss for the year ended December 31, 2014 (US$4,234,383 for the year ended December 31, 2013).

Depreciation for investment properties in the amount of US$11,482,319 for the year 2014 (US$9,095,935 for the year 2013) is recorded under "Depreciation of and charges on rented properties" in the consolidated statement of profit or loss (Note 24).

The fair value of the investment properties based on a valuation by an independent expert is approximately US$1.4billion as of December 31, 2014 (US$1.4billion as of December 31, 2013 based on a market capitalization approach estimated by management).

The Company classifies investment properties within level 2 in the hierarchy of fair value measurement (Note 37).

12 Investment in Associates and Joint Ventures

DECEMBER 31,	2014 US$	2013 US
Investment in Solidere International Limited (Associate)	343,550,472	318,385,391
Investment in BCD Cinemas s.a.l. (Associate)	(311,896)	(125,788)
Investment in Beirut Waterfront Development s.a.l. (Joint venture)	(4,924,547)	1,242,020
Investment in Beirut Real Estate Management and Services s.a.l. (Joint venture)	41,517	40,477
Investment in ASB – Downtown s.a.l. (Associate)	4,877	4,877
	338,360,423	319,546,977
Long term loan to Beirut Waterfront Development s.a.l. (Joint venture)	36,540,000	36,540,000
	374,900,423	356,086,977

	2014 US$	2013 US
Balance at the beginning of the year	356,086,977	355,694,920
Acquisitions	-	4,877
Share of results of associates and joint ventures	18,754,500	294,112
Foreign currency translation reserve	58,946	93,068
Balance at the end of the year	374,900,423	356,086,977

Details of the Group's investment in associates and joint ventures are as follows:

DECEMBER 31,	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST %	2014 AT COST US$	2014 GROUP'S SHARE OF EQUITY US$	2013 AT COST US$	2013 GROUP'S SHARE OF EQUITY US$
Solidere International Limited (Associate)	UAE	39.05	237,789,902	343,550,472	237,789,902	318,385,391
BCD Cinemas s.a.l.(Associate)	Lebanon	40.00	8,000	(311,896)	8,000	(125,788)
Beirut Waterfront Development s.a.l. (a) (Joint venture)	Lebanon	50.00	6,409,950	(4,924,547)	6,409,950	1,242,020
Beirut Real Estate Management and Services (Joint venture)	Lebanon	45.00	9,000	41,517	9,000	40,477
ASB - Downtown s.a.l. (b) (Associate)	Lebanon	24.50	4,877	4,877	4,877	4,877
			244,221,729	338,360,423	244,221,729	319,546,977

(a) The Group entered into a joint venture agreement on February 11, 2004, with Stow Waterfront s.a.l. (Holding) to establish Beirut Waterfront Development s.a.l. with a 50% stake in the joint venture's total capital amounting to US$19,900. During the year 2006, the capital of the joint venture was increased to US$12,819,900 without changing the Group's share in the capital. The main activity of the joint venture is to develop, operate, manage, exploit and sell real estate properties in the Marina area in Beirut Central District.

As per the terms of the agreement, on December 31, 2005, the Group sold properties with an aggregate cost of US$10,100,000 from inventory of land and projects in progress, to the joint venture for a total consideration of US$31,600,000. As a result of the sale transaction, the Group realized 50% of the gain on the sale in the amount of US$10,750,000 in profit or loss in 2005 and deferred the unrealized gain on sales in the amount of US$10,750,000, recorded under "deferred revenues and other credit balances" in the consolidated statement of financial position, to be realized after realization of the sale of the properties to third parties (Note 17).

On June 27, 2006, the Group granted Beirut Waterfront Development s.a.l. a long term loan against issuance of bonds for a total amount of US$25.2million. The loan is subject to an annual interest of Libor + 2% but not less than 9%, payable on June 30 of each year. The total amount of this loan was due on June 30, 2011. During 2011, the maturity of the loan was extended to June 30, 2016 with the same terms and conditions of the previous agreement and the accumulated interest up to June 30, 2011 in the amount of US$11,340,000 was capitalized with the original principal. Interest in the amount of US$22,850,100 as of December 31, 2014 (US$19,561,500 as of December 31, 2013) is deferred under "Deferred revenues and other credit balances" in the consolidated statement of financial position (Note 17) of which US$11,622,980 is accrued under "Prepayments and other debit balance" caption (US$8,221,500 as of December 31, 2013) (Note 7 (a)). The deferred interest will be realized when income from the principal activity of the joint venture is realized.

(b) During 2013, the Group subscribed into the capital of ASB-Downtown s.a.l. at a total cost of US$4,877 representing a 24.5% equity stake in the associate's capital of US$20,000. The objective of the Company is to operate a restaurant in Beirut Central District.

Summarized financial information in respect of the Group's associates and joint ventures is set out below:

	SOLIDERE INTERNATIONAL LIMITED US$	BEIRUT WATERFRONT DEVELOPMENT S.A.L. US$	OTHER ASSOCIATES AND JOINT-VENTURES US$	TOTAL US$
2014				
Total Assets	988,495,468	213,038,606	9,699,017	1,211,233,091
Total Liabilities	47,824,752	222,887,699	10,386,494	281,098,945
Non-Controlling Interest	60,857,169	-	-	60,857,169
Net Assets	879,813,547	(9,849,093)	(687,477)	869,276,977
Group's share of net assets	**343,550,472**	**(4,924,547)**	**(265,502)**	**338,360,423**
Total Revenue	10,503,464	9,301,520	6,824,523	26,629,507
Total Cost of Revenue	(6,418,991)	(9,897,471)	(2,722,927)	(18,989,390)
Profit/(loss) for the year	67,150,175	(12,333,130)	(465,425)	54,351,620
Group's share of results	**25,106,135**	**(6,166,565)**	**(185,070)**	**18,754,500**
2013				
Total Assets	898,012,522	211,088,560	2,662,400	1,111,763,482
Total Liabilities	23,892,942	208,604,523	2,886,916	235,384,381
Non-Controlling Interest	58,752,401	-	-	58,752,401
Net Assets	815,367,179	2,484,037	(224,516)	817,626,700
Group's share of net assets	**318,385,391**	**1,242,020**	**(80,434)**	**319,546,977**
Total Revenue	11,422,462	7,395,622	182,350	19,000,434
Total Cost of Revenue	(6,499,610)	(5,211,896)	(92,325)	(11,803,831)
Profit/(loss) for the year	11,312,871	(5,811,187)	(326,723)	5,174,961
Group's share of results	**3,330,507**	**(2,905,594)**	**(130,801)**	**294,112**

13 Fixed Assets, Net

	BALANCE AS AT DECEMBER 31, 2013 US$	ADDITIONS US$	DISPOSALS/ WRITE OFF US$	IMPAIRMENT US$	BALANCE AS AT DECEMBER 31, 2014 US$
COST					
Land	6,172,238	-	-	-	6,172,238
Buildings	29,105,920	29,333	-	-	29,135,253
Marina	7,866,624	-	-	-	7,866,624
Furniture and fixtures	10,632,431	42,189	(96,704)	(270,647)	10,307,269
Freehold improvements	27,541,480	510,052	(498,159)	(3,237,636)	24,315,737
Machines and equipment	37,350,780	449,846	(321,591)	(419,372)	37,059,663
Advances on fixed assets	16,332	-	(16,332)	-	-
	118,685,805	**1,031,420**	**(932,786)**	**(3,927,655)**	**114,856,784**
ACCUMULATED DEPRECIATION					
Buildings	8,497,781	570,438	-	-	9,068,219
Marina	1,179,325	157,457	-	-	1,336,782
Furniture	4,154,518	654,938	(56,204)	-	4,753,252
Freehold improvements	6,601,945	2,583,199	(162,768)	-	9,022,376
Machines and equipment	34,156,342	1,855,916	(358,835)	-	35,653,423
	54,589,911	**5,821,948**	**(577,807)**	**-**	59,834,052
Net Book Value	**64,095,894**				**55,022,732**

	BALANCE AS AT DECEMBER 31, 2012 US$	ADDITIONS US$	DISPOSALS/ WRITE OFF US$	IMPAIRMENT US$	BALANCE AS AT DECEMBER 31, 2013 US$
COST					
Land	6,172,238	-	-	-	6,172,238
Buildings	28,832,647	726,831	(453,558)	-	29,105,920
Marina	7,866,624	-	-	-	7,866,624
Furniture and fixtures	10,479,080	154,111	(760)	-	10,632,431
Freehold improvements	29,629,053	912,427	-	(3,000,000)	27,541,480
Machines and equipment	37,218,205	601,685	(469,110)	-	37,350,780
Advances on fixed assets	261,935	9,800	(255,403)	-	16,332
	120,459,782	**2,404,854**	**(1,178,831)**	**(3,000,000)**	**118,685,805**
Accumulated Depreciation:					
Buildings	5,948,247	2,549,534	-	-	8,497,781
Marina	1,021,868	157,457	-	-	1,179,325
Furniture	3,515,355	639,923	(760)	-	4,154,518
Freehold improvements	5,597,170	1,004,775	-	-	6,601,945
Machines and equipment	32,299,822	2,216,215	(359,695)	-	34,156,342
	48,382,462	**6,567,904**	**(360,455)**	**-**	54,589,911

During 2014, the Group set up provision for impairment of fixed assets used in the hospitality industry in the amount of US$3,927,655 (US$3,000,000 during 2013) recorded in the consolidated statement of profit or loss under "Provision for impairment of fixed assets".

The depreciation for the year ended December 31, 2014 and 2013 is included under "Depreciation of fixed assets" in the consolidated statement of profit or loss.

14 Bank Overdrafts, Short Term and Medium Term Facilities

DECEMBER 31,	**2014** US$	2013 US$
Bank overdrafts	237,576,702	229,792,642
Short term facilities	310,998,348	275,019,035
Medium term facilities	-	47,999,729
	548,575,050	**552,811,406**

As of December 31, 2014 and 2013, the Company has fully utilized its bank overdrafts' limits.

Short term facilities mature within a period of one year and medium term facilities mature within a period of two to three years.

Short and medium term facilities consist of the following:

FACILITY AMOUNT US$	MATURITY DATE	INTEREST RATE %	COVENANTS	OUTSTANDING BALANCE DECEMBER 31, **2014** US$	2013 US$
SHORT TERM FACILITIES					
40,000,000	4-Aug-15	4.75	(a)	40,000,000	40,000,000
60,000,000	4-Aug-15	4.75	(a)	36,000,000	-
75,000,000	3-Feb-15*	5.00	(b)	75,000,000	75,000,000
35,000,000	3-Feb-15*	5.00	(b)	35,000,000	35,000,000
100,000,000	31-Jan-15*	5.13	(c)	99,998,158	100,018,855
25,000,000	5-Nov-15	5.00	(d)	25,000,190	25,000,180
				310,998,348	**275,019,035**
MEDIUM TERM FACILITIES					
60,000,000	4-Aug-15	4.75	(a)	-	47,999,729
				-	**47,999,729**

*These facilities were subsequently renewed for 6 months from the date of maturity.

(a) The covenants of the agreement stipulate that the Group maintain a maximum debt to equity ratio and banks' loans of 1:3 and overdrafts and other facilities to equity ratio of 4:1.

Furthermore, the covenants of the facilities stipulate that the Group maintains a minimum of US$75million in notes and accounts receivables and maintain a minimum of 750,000 square meters of built properties and US$1billion in net tangible assets free from any liens.

(b) The covenants of the agreements stipulate that the Group maintains a maximum debt to equity ratio of 1:2 and a minimum equity balance of US$1billion.

(c) The covenants of the facility stipulate that the Group maintains a minimum equity balance of US$1billion, a minimum equity to assets ratio of 40% and a maximum debt to equity ratio of 50%.

(d) The covenants of the facility stipulate that the Group maintains a minimum equity balance of US$1billion, a minimum equity to assets ratio of 40% and a maximum debt to equity ratio of 50%.

During 2013, the Group converted a short term facility with a local bank amounting to US$100million to a bank overdraft for the same amount.

During 2013, the Group converted a short term facility with a local bank amounting to US$50million to a loan agreement for US$40million following the partial settlement and rescheduling of the debt (Note 18 (b)).

Interest expense on bank overdrafts for the year ended December 31, 2014 amounted to US$13,510,968 and is recorded under "Interest expense" in the consolidated statement of profit or loss (US$9,263,459 for the year ended December 31, 2013) (Note 29).

Interest expense on short and medium term facilities for the year ended December 31, 2014, amounted to US$15,357,408 (US$19,983,059 for the year ended December 31, 2013) and is recorded under "Interest expense" in the consolidated statement of profit or loss (Note 29).

15 Accounts Payable and other Liabilities

Accounts payable and other liabilities consist of the following:

DECEMBER 31,	2014 US$	2013 US$
Accounts payable (a)	39,316,776	50,701,181
Accrued charges and other credit balances (b)	16,574,277	15,620,304
Taxes payable (c)	34,172,845	24,964,210
Provision for end-of-service indemnity (d)	12,118,287	15,300,220
Provision for contingences (e)	7,086,410	6,286,410
Due to an associate and a related party (f)	182,896	178,701
Loan from a joint venture (g)	94,164	97,535
Accrued interest payable	1,945,694	1,762,916
	111,491,349	**114,911,477**

(a) Accounts payable as of December 31, 2014 and 2013 include balances in the aggregate amount of US$13.8million due to the Lebanese Government in consideration of the exchange of assets agreement explained in Note 33(f).

(b) Accrued charges and other credit balances consists of the following:

DECEMBER 31,	2014 US$	2013 US$
Deposits from tenants	3,012,732	2,994,640
Accrued municipality expenses	1,000,000	3,326,425
Accruals for project cost	1,454,000	3,000,000
Accruals for management benefits	3,148,285	1,214,800
Accruals for utility costs	2,259,333	1,202,158
Accruals for invoices not received	145,822	560,127
Other	5,554,105	3,322,154
	16,574,277	**15,620,304**

(c) Taxes payable consist of the following:

DECEMBER 31,	2014 US$	2013 US$
Accrued income tax	15,746,906	6,738,418
Additional tax assessment (Note 15 (e))	8,400,000	8,400,000
Value added tax (VAT) payable	2,364,234	1,986,405
Taxes withheld	794,205	1,186,627
Built property tax payable	6,867,500	6,652,760
	34,172,845	**24,964,210**

Rental income is subject to the built property tax in accordance with the Lebanese tax law.

Income tax
The applicable tax rate in Lebanon is 15% according to the Lebanese tax laws.

The accrued income tax for the years 2014 and 2013 was estimated as follows:

	2014 US$	2013 US$
Profit before tax	131,023,377	48,348,953
Less: Profit of subsidiaries	(15,300,374)	(2,898,033)
Add: Non-deductible provisions and charges	22,910,599	40,720,908
Less: Non-taxable income	-	(9,000,000)
Less: Rent revenue from built up property (Net)	(31,752,218)	(30,130,466)
Taxable income	106,881,384	47,041,362
Applicable tax rate	15%	15%
Accrued income tax	16,032,208	7,056,204
Less: Tax on interest previously settled	(292,597)	(325,082)
Accrued income tax payable	**15,739,611**	**6,731,122**
Total accrued income tax	16,032,208	7,056,204
Add/(Less): Deferred tax assets (Note 7 (b))	1,287,419	(1,287,419)
Income tax expense	**17,319,627**	**5,768,785**

Additional tax assessment
During 2012, the Company's accounts for the years 2007 to 2010 were reviewed by the tax authorities. The review for the year 2007 resulted in an additional tax liability in the amount of US$2,500,000 which was provided for in previous years and recorded under additional tax assessment. During 2013, and following the objection filed by the Company, a revision of the initial tax review was issued decreasing the tax liability by an amount of US$853,000 resulting in a net tax liability in the amount of US$1,647,000.

The outcome of the tax review of the Company's accounts for the years 2008 to 2010 was issued during 2013 and resulted in an additional tax liability in the amount of US$6,800,000 of which an amount of US$5,900,000 was provided for in previous years (Note 15 (e)).

The tax returns for the years 2011 to 2014 are still subject to examination and final tax assessment by the tax authorities. Any additional tax liability is subject to the results of this review.

Value Added Tax (VAT)
The VAT declarations for the years 2010 until 2014 are still subject to examination and final tax assessment by the tax authorities. Any additional tax liability is subject to the results of this review.

(d) The movement of provision for end-of-service indemnity is as follows:

	2014 US$	2013 US$
Balance at the beginning of the year	15,300,220	15,144,797
Additions	819,528	830,036
Settlements	(525,917)	(674,613)
Write-back	(3,475,544)	-
Balance at the end of the year	**12,118,287**	**15,300,220**

(e) The movement of provision for contingencies is as follows:

	2014 US$	2013 US$
Balance at the beginning of the year	6,286,410	9,886,410
Additions	800,000	2,300,000
Transfer to taxes payable (Note 15 (c))	-	(5,900,000)
Balance at the end of the year	**7,086,410**	**6,286,410**

(f) Due to an associate and a related party consist of the following:

DECEMBER 31,	2014 US$	2013 US$
Beirut Waterfront Development s.a.l. (Associate)	182,896	75,721
Loulyas Holding s.a.l. (Related party)	-	102,980
	182,896	**178,701**

The above balances are interest free and are of a current nature.

(g) During 2013, Beirut Waterfront Development s.a.l., (joint venture), granted the Group a loan in the amount of US$100,000. This loan bears interest at an annual rate of 8%. The principal of the loan shall be paid through monthly payments representing 2% of Grid Resto restaurant gross sales located in "Zaitounay Bay". Interest expense for the year ended December 31, 2014 amounting to US$5,770 (US$4,444 for the year ended December 31, 2013) was recorded under "interest expense" in the consolidated statement of profit or loss and was settled during the same period (Note 29).

16 Dividends Payable

GENERAL ASSEMBLY DATE	DIVIDEND PER SHARE US$	DECLARED US$	SETTLED/ DISTRIBUTED UP TO DECEMBER 31, 2014 US$	DECEMBER 31, 2014 PAYABLE US$	DECEMBER 31, 2013 PAYABLE US$
June 29, 1996	0.20	30,918,413	29,453,569	1,464,844	1,483,362
June 30, 1997	0.25	40,367,172	37,685,149	2,682,023	2,709,977
June 29, 1998	0.25	39,351,753	36,097,084	3,254,669	3,284,403
June 23, 2003	Stock dividend	19,625,550	19,606,235	19,315	19,315
June 12, 2006	0.6	94,831,106	90,588,065	4,243,041	4,385,751
June 22, 2007	1.00	155,093,702	148,129,728	6,963,974	7,191,891
July 15, 2008	1.00	155,090,832	140,638,375	14,452,457	14,756,062
July 13, 2009	1.15	176,479,956	165,524,416	10,955,540	11,477,251
July 19, 2010	1.15	175,228,434	162,815,237	12,413,197	12,852,910
August 1, 2011	0.40	60,912,291	57,287,061	3,625,230	3,888,990
August 1, 2011	Stock dividend	85,987,850	85,987,850	-	-
July 30, 2012	0.25	39,316,239	35,709,497	3,606,742	4,435,463
July 30, 2012	Stock dividend	42,744,616	42,744,616	-	-
		1,115,947,914	**1,052,266,882**	**63,681,032**	**66,485,375**

The outstanding balance of unpaid dividends relates mostly to unclaimed dividends and dividends pertaining to undelivered class (A) shares.

17 Deferred Revenues and other Credit Balances

DECEMBER 31,	2014 US$	2013 US$
Cash down payments and commitments on sale contracts	11,121,187	3,264,495
Deferred rental revenue and related deposits	20,945,099	21,659,057
Unrealized gain on sale of properties to a joint venture (Note 12 (a))	10,750,000	10,750,000
Deferred interest revenue on a loan to a joint venture (Note 12 (a))	22,850,100	19,561,500
	65,666,386	**55,235,052**

Cash down payments and commitments on sale contracts include balances aggregating to approximately US$10million that relate to one sale contract with an aggregate potential gross sales value of US$72million as of December 31, 2014 and 2013.

Deferred rental revenue and related deposits represent down payments on lease and rental agreements and reservation deposits for the rental of real estate properties.

18 Term Bank Loans

LOAN AMOUNT 2014 US$	LOAN AMOUNT 2013 US$	MATURITY DATE	INTEREST RATE	LOAN REPAYMENT AND COVENANTS	OUTSTANDING BALANCE DECEMBER 31, 2014 US$	OUTSTANDING BALANCE DECEMBER 31, 2013 US$
75,000,000	75,000,000	June 10, 2015	5.00	(a)	49,999,236	49,999,236
40,000,000	40,000,000	July 3, 2015	5.00	(b)	15,000,000	35,000,000
35,000,000	35,000,000	January 5, 2017	4.50	(c)	35,000,000	35,000,000
3,255,000	3,255,000	December 31, 2018	6.50	(d)	2,603,031	3,255,000
9,500,000	9,500,000	September 30, 2017	6.50	(e)	5,795,151	7,723,664
6,000,000	6,000,000	September 30, 2017	4.50	(f)	1,683,149	2,247,043
					110,080,567	**133,224,943**

(a) The loan will be fully repaid at maturity. The covenants of the loan stipulate that the Group should maintain a maximum debt to equity ratio of 1:1 and a minimum current ratio of 1.2:1.

(b) The repayment of the loan will be through 8 quarterly equal installments of US$5million each. An amount of US$20million was settled during 2014 (US$5million was settled during 2013).

(c) The repayment of the loan will be through 2 equal payments of US$10million each during 2016 and a final payment of US$15million during 2017. The covenants of the loan stipulate that the Group should maintain a maximum gearing ratio of 1:1, debt to equity ratio of 2:1, current ratio of 1:1 and maintain a minimum built-up area of 750,000m2.

(d) The purpose of the loan is the purchase of an apartment, plot 1456 of Mina el Hosn. Accordingly, the Group granted the bank a first degree mortgage over the above mentioned apartment. The repayment of the loan will be through 5 annual payments of US$651,000 each, starting December 1, 2014. An amount of US$651,000 was settled during 2014.

(e) The repayment of the loan will be through 20 equal quarterly installments of US$475,000 each. An amount of US$1,900,000 was settled during 2014 (US$1,900,000 was settled during 2013).

(f) The repayment of the loan will be through 20 equal quarterly installments of US$140,000 each. An amount of US$560,000 was settled during 2014 (US$560,000 was settled during 2013).

Term bank loans carry the following maturities:

DECEMBER 31,	2014 US$	2013 US$
2014	-	73,240,943
2015	68,207,567	38,111,000
2016	23,111,000	18,111,000
2017	18,111,000	3,111,000
2018	651,000	651,000
	110,080,567	**133,224,943**

Early redemption of term bank loans is not subject to penalty provided the redemption is in accordance with the terms and conditions stated in the loans agreements

Interest expense on term bank loans for the year 2014 amounted to US$5,550,288 (US$5,082,723 for the year 2013) and is recorded under "Interest expense" in the consolidated statement of profit or loss (Note 29).

19 Capital

Capital as at December 31, 2014 and 2013 consists of 165,000,000 shares of US$10 par value, authorized and fully paid and divided in accordance with Law 117/91 into the following:

> Class "A", amounting to 100,000,000 shares represented contribution in kind of properties in the BCD, based on the resolutions of the High Appraisal Committee. All Class A shares were deemed to have been issued and outstanding since the establishment of the Company.
> Class "B", amounting to 65,000,000 shares represented capital subscription in cash and are all issued and fully paid at the establishment of the Company.

Class "A" and Class "B" shares have the same rights and obligations.

As of December 31, 2014, the Company had 12,553,806 Class A shares listed on the London Stock Exchange in the form of Global Depository Receipts (GDR) (12,698,324 Class A shares as of December 31, 2013).

20 Legal Reserve

In conformity with the Company's articles of incorporation and the Lebanese Code of Commerce, 10 % of the annual net income is required to be transferred to legal reserve until this reserve equals one third of capital. This reserve is not available for dividend distribution.

21 Treasury Shares

Treasury shares as at December 31, 2014 and 2013 represent 4,846,204 class (A) and (B) shares of which 396,344 shares represent Global Depository Receipts (GDR). Treasury shares are stated at the weighted average cost.

According to its articles of incorporation, the Group may purchase up to 10% of its share capital without the existence of free reserves, provided that it shall resell these shares within a period not exceeding eighteen months.

22 Non-Controlling Interests

Non-controlling interests consist of the following:

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Issued capital	-	3,980
Accumulated losses	-	(733,366)
Loss for the year	-	(356,346)
	-	**(1,085,732)**

During 2014, the Group acquired the remaining stake in the hospitality segment.

23 Revenues From Rendered Services

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Services rendered to a related party, an associate and a joint venture (Note 32)	682,551	2,441,581
Services rendered to clients	1,504,307	1,587,015
Broadband network revenues	3,888,871	4,007,955
	6,075,729	**8,036,551**

24 Depreciation of and Charges on Rented Properties

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Depreciation expense (Note 11)	11,482,319	9,095,935
Property taxes	6,867,500	6,652,760
Manpower	6,693,035	7,358,958
Advertising	248,410	777,023
Electricity, maintenance and other related charges	10,290,214	8,695,072
Recoveries from tenants	(10,090,119)	(11,139,323)
	25,491,359	**21,440,425**

Manpower includes reallocated salaries, benefits and related charges in the aggregate amount of US$5,222,217 during the year ended December 31, 2014 (US$5,942,172 during the year ended December 31, 2013) (Note 26).

25 Cost of Rendered Services

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Cost of services rendered to a related party, an associate and a joint venture (Note 26)	682,551	2,441,581
Cost of services rendered to clients	1,550,445	1,277,781
Broad band network cost of services rendered	2,977,240	2,679,948
	5,210,236	**6,399,310**

26 General and Administrative Expenses

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Salaries, benefits and related charges	27,110,690	23,961,365
Board of directors' remuneration	-	300,000
Professional services	1,292,376	1,739,052
Promotion and advertising	740,154	657,067
Utilities, office, maintenance and other similar expenses	3,524,869	3,478,687
Travel and accommodation	624,699	201,173
Other expenses	1,019,639	573,752
	34,312,427	**30,911,096**

The Group reallocated salaries, benefits and related charges and administrative expenses amounting to US$9,879,248 to construction cost during the year ended December 31, 2014 (US$9,887,964 during the year ended December 31, 2013) (Note 10).

The Group reallocated salaries, benefits and related charges amounting to US$5,222,217 to charges on rented property during the year ended December 31, 2014 (US$5,942,172 during the year ended December 31, 2013) (Note 24).

The Group reallocated salaries, benefits and related charges amounting to US$682,551 to cost of rendered services during the year ended December 31, 2014 (US$2,441,581 during the year ended December 31, 2013) (Note 25).

27 Interest Income

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Interest income from notes and accounts receivable	13,963,708	9,102,273
Interest income from banks	5,724,897	7,605,516
Interest income from asset-backed securities (Note 9)	1,029,001	2,211,768
Interest derecognized on asset-backed securities (Note 9)	(1,024,215)	-
	19,693,391	**18,919,557**

28 Other Expense

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Structuring, arrangement and placement fees (Note 9)	-	1,750,823
Lawsuit expenses (Note 33 (j))	-	494,533
Write-off of hospitality projects' costs	-	1,026,435
Loss on sale of fixed assets, net	158,838	441,154
Other expenses	193,931	90,929
	352,769	**3,803,874**

During 2013, the Group wrote-off hospitality projects' costs representing studies and research in the amount of US$1,026,435.

29 Interest Expense

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Interest expense on short and medium term facilities (Note 14)	15,357,408	19,983,059
Interest expense on bank overdrafts (Note 14)	13,510,968	9,263,459
Interest expense on term bank loans (Note 18)	5,550,288	5,082,723
Interest expense allocated to infrastructure costs (Note 10 (a.3))	(228,010)	(490,054)
Interest expense allocated to real estate development projects (Note 10 (b))	(865,919)	(2,430,109)
Interest expense on loan from a related party (Note 15 (g))	5,770	4,444
Bank and commission charges	715,596	303,185
	34,046,101	**31,716,707**

30 Basic/Diluted Earnings per Share

The computation of earnings per share is based on net income for the period and the weighted average number of outstanding class (A) and (B) shares during each period net of treasury shares held by the Group.

The weighted average number of shares to compute basic and diluted earnings per share is 160,153,796 shares for the year 2014 (160,153,796 shares for the year 2013).

31 Notes to the Cash Flow Statement

(a) Depreciation was applied as follows:

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Depreciation of fixed assets (Note 13)	5,821,948	6,567,904
Depreciation of investment properties (Note 11 & 24)	11,482,319	9,095,935
Depreciation charge for the year	**17,304,267**	**15,663,839**

(b) Interest expense consists of the following:

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Interest charged as period cost (Note 29)	34,046,101	31,716,707
Interest expense allocated to inventory of land and projects in progress (Note 10 (a.3) and Note 10 (b))	1,093,929	2,920,163
Total interest expense	**35,140,030**	**34,636,870**

(c) Non-cash transactions in operating and investing activities include transfers from inventory of land and projects in progress to investment properties in the amount of US$26,067,136 for the year ended December 31, 2014 (US$133,520,101 for the year ended December 31, 2013).

(d) Non-cash transactions in investing activities include cumulative foreign currency translation reserve in the amount of US$58,946 which was excluded from investment in associates and joint ventures against cumulative foreign currency translation reserve under equity.

(e) Non-cash transactions in operating activities include accrued interest income on long term loan to a joint venture in the amount of US$3,401,840 for the year ended December 31, 2014 (US$3,288,000 for the year ended December 31, 2013) which was excluded from prepayments and other debit balances against deferred revenues and other credit balances.

(f) Cash and cash equivalents comprise the following:

YEAR ENDED DECEMBER 31,	2014 US$	2013 US$
Cash on hand (Note 6)	58,491	59,685
Checks under collection (Note 6)	26,844,731	-
Current accounts (Note 6)	15,225,943	10,283,705
Short term deposits (Note 6)	116,576,029	164,372,295
Bank overdrafts (Note 14)	(237,576,702)	(229,792,642)
	(78,871,508)	**(55,076,957)**

32 Related Party Transactions

These represent transactions with related parties, i.e. significant shareholders, directors and senior management of the Group, and companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Cash and bank balances include US$91,917,713 as of December 31, 2014 (US$55,193,883 as of December 31, 2013) representing current bank accounts with a local bank who is a significant but minority shareholder of the Group.

Bank overdrafts, short and medium term facilities include US$110,421,061 as of December 31, 2014 (US$111,513,536 as of December 31, 2013) representing short term facilities with a local bank who is a significant but minority shareholder of the Group.

Included under "Interest expense" in the consolidated statement of profit or loss an amount of US$5,582,596 for the year ended December 31, 2014 (US$5,578,235 for the year ended December 31, 2013) representing interest expense on short term facilities with a local bank who is a significant but minority shareholder of the Group.

Certain directors are members of the boards of directors of banks with whom the Group has various banking activities.

During 2013, the Group acquired from Beirut Waterfront Development s.a.l., a joint venture, investment property in the amount of US$4,650,000.

During 2013, Beirut Waterfront Development s.a.l., (joint venture), granted the Group a loan in the amount of US$100,000. This loan bears interest at an annual rate of 8%. The principal of the loan shall be paid through monthly payments representing 2% of Grid Resto restaurant gross sales located in "Zaitounay Bay". Interest expense for the year ended December 31, 2014 amounting to US$5,770 (US$4,444 for the year ended December 31, 2013).

General and administrative expenses include legal fees in the amount of US$120,000 for the year ended December 31, 2014 related to one of the firm's legal counselors who was a member in the Group's board of directors during 2014 (US$120,000 for the year ended December 31, 2013).

The Group incurred various expenses on behalf of its related parties whose total net debit balances due amounted to US$4,613,957 as of December 31, 2014 (US$9,001,145 as of December 31, 2013) (Note 7 and 15).

Accrued interest income on a long term loan of US$36.54million granted by the Group to Beirut Waterfront Development s.a.l., a joint venture, amounted to US$11,622,980 as of December 31, 2014 (US$8,221,500 as of December 31, 2013), Note 7 (a) and 12 (c).

During 2014, the Group charged Solidere International Limited, an associate, administrative expenses amounting to US$543,388 (US$2,205,018 for the year 2013) (Note 23), in addition to an amount of US$21,080 (US$29,856 for the year 2013) representing payments on its behalf.

During 2014, the Group rendered services to City Makers s.a.r.l., a related party, for an aggregate amount of US$70,467 (US$195,941 for the year 2013) (Note 23).

During 2014, the Group rendered services to BCD Cinemas s.a.l., an associate, for an aggregate amount of US$68,696 (Note 23).

During 2013, the Group rendered services to Beirut Waterfront Development s.a.l., a joint venture, in the aggregate amount of US$40,622 (Note 23).

Total benefits paid to executives and members of the Board of Directors (including salary, bonus and others), included within "General and administrative expenses", for the year ended December 31, 2014 amounted to US$4,696,505 (US$2,960,352 for the year ended December 31, 2013).

Income arising and expenses incurred from the Group's transactions with other related parties, other than those disclosed in the financial statements, do not form a significant portion of the Group's operations.

33 Commitments and Contingencies

(a) An agreement between the Group and the Council for Development and Reconstruction ("CDR") was promulgated through Decree No. 5665 dated September 21, 1994, duly approved by the Council of Ministers. By virtue of this agreement, the Group was granted 291,800Sqm of the reclaimed land surface (totaling 608,000 sqm) against the execution by the Group of the sea landfill and infrastructure works.

(b) The total projected cost for completion of the BCD project has been estimated by management to be approximately US$2billion. This amount is used as a base for the determination of cost of sales.

(c) Commitments for contracted works not executed as of December 31, 2014 amounted to approximately US$115million (US$132million as of December 31, 2013).

(d) A lawsuit was raised in 1999 against the Group by the "CDR" claiming reimbursement of an amount of LBP5.4billion (US$3.6million) plus interest. This balance represents payments previously made by the "CDR" in connection with the appraisal of the properties in the BCD area and other tender documents. No provision was set up against this claim since, on the basis of the advice received from the Group's legal advisor, the directors are of the opinion that this claim is not based on sound legal grounds. During 2011, the Group paid an amount of LBP11.5billion (US$7.6million) in settlement of the above claims recorded under infrastructure costs (Note 10(a)).

The Group has submitted to the "CDR" claims aggregating US$13.6million representing mainly change orders to infrastructure works in the traditional BCD which were incurred by the Group on behalf of the Government. These claims were neither approved nor confirmed by the concerned party nor recorded as receivables in the accompanying consolidated financial statements.

(e) The Group is a defendant in various legal proceedings and has litigations pending before the courts and faces several claims raised by contractors. On the basis of advice received from the external legal counsel and the Group's technical department, the directors are of the opinion that any negative outcome thereof, if any, would not have a material adverse effect on the financial condition of the Group.

(f) On June 7, 1997, the Group signed an exchange agreement with the Lebanese Government. By virtue of this agreement, the Group acquired additional built up area of approximately 58,000Sqm and 556,340 Class A shares in exchange for approximately 15,000Sqm and the payment of US$38.7million to restore governmental buildings. US$25million has already been paid and accounted for and the balance of US$13.8million continues to be included under accounts payable. According to the terms of the agreement, the Group undertook to build a governmental building and to conclude ten finance leases over seven years for certain buildings belonging to the Lebanese Government. In 1999, the government canceled the exchange and finance lease agreement. The implementation and the effect of cancellation is not yet determined and has not been reflected in the accompanying consolidated financial statements.

(g) In prior periods, the Group submitted to the Ministry of Culture and Higher Education claims totaling US$17.7million representing compensation for delays that resulted from excavation works. These claims were not yet approved nor confirmed by the concerned authorities nor recorded as receivables in the accompanying consolidated financial statements.

(h) For the purpose of enhancing and improving land value in Zokak Al Blat area and to settle the recuperation of a lot in that area, the Group signed in 2002 an agreement with the Armenian Orthodox prelacy to demolish the building on the recuperated lot and to transfer corresponding building rights to another adjacent lot with minimum building rights of 4,900Sqm against ceding of owners' shares from both lots. Additionally, a built up area of 5,335Sqm (US$2,700,000) remains as a contingent loss to the Group in case the prelacy decides to build this area within the next 10 years following this agreement. During November 2010, an agreement was signed by both parties in which it was agreed that November 2010 would be the start date for the 10 years period as it represents the date of finalization of parcellation and massing of plots number 1137 and 1138 of Zokak Al Blat area subject to the said agreements.

(i) The Group has commitments and contingencies in the form of letters of guarantee in the amount of US$3,405,977 as at December 31, 2014 (as at December 31, 2013 commitments and contingencies in the form of letters of guarantee in the amount of US$4,050,931).

(j) The Group is defendant in a lawsuit raised by a Group of jewelers and the jewelers syndicate. The Group appealed the court's decision in which the Group was required to register certain commercial shops in Beirut Souks. In this connection, the Group made payments in the amount of US$494,533 during 2013 to the Appeals' Court recorded under "Other expenses" (Note 28).

34 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and 2013.

The capital structure of the company consists of debt and equity. Debt consists of total liabilities less cash and bank balances. Equity comprises capital, reserves, retained earnings, cumulative foreign currency transactions, cumulative change in fair value and surplus on treasury shares' activity less treasury shares.

The Group monitors capital on the basis of the debt-to-capital ratio (gearing ratio). The gearing ratio as at December 31, 2014 and 2013 was as follows:

DECEMBER 31,	2014 US$	2013 US$
Total liabilities	899,494,384	922,668,253
Less: Cash and bank balances	(158,705,194)	(176,715,685)
Total debt	740,789,190	745,952,568
Total equity attributable to the owners of the parent	2,064,592,058	1,951,915,094
Gearing ratio	**36%**	**38%**

35 Risk Management

The Group's principal financial liabilities, comprise bank loans, bank overdrafts and short term facilities, deferred revenues and other credit balances, dividends payable and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise funds for the Group's operations. The Group has various financial assets such as accounts and notes receivable and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

(a) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other conditions held constant, of the Group's profit before tax.

	INCREASE/ DECREASE IN BASIS POINTS	EFFECT ON PROFIT BEFORE TAX USD
2014		
US Dollars	+50	644,243
US Dollars	-25	(322,122)
2013		
US Dollars	+50	(239,554)
US Dollars	-25	119,777

(b) Foreign Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not materially exposed to currency risk since the majority of its financial assets and liabilities are denominated in U.S. Dollar.

(c) Credit Risk
The Group's credit risk is primarily attributable to its liquid funds, receivables, and other debit balances. The amounts presented in the consolidated statement of financial position are stated at net realizable value, estimated by the Group's management based on prior experience and the current economic conditions.

The Group's liquid funds are placed with prime banks.

The Group trades mostly with recognized, credit worthy third parties and monitors receivable balances and collection on an ongoing basis.

The Group's credit risk exposure with respect to accounts and notes receivable is disclosed under Note 8.

The Group's maximum exposure to credit risk is the carrying amount as disclosed in Notes 6, 7, 8 and 9.

The Group's financial assets are segregated by geographical area as follows:

	LEBANON US$	EUROPE US$	TOTAL US$
DECEMBER 31, 2014			
Bank balances	157,875,568	829,626	158,705,194
Other debit balances	34,629,626	-	34,629,626
Accounts and notes receivable, net	552,290,794	-	552,290,794
Investment in asset-backed securities	72,768,003	-	72,768,003
Total financial assets	**817,563,991**	**829,626**	**818,393,617**
DECEMBER 31, 2013			
Bank balances	175,710,982	1,004,703	176,715,685
Other debit balances	43,155,670	-	43,155,670
Accounts and notes receivable, net	435,196,235	-	435,196,235
Investment in asset-backed securities	80,601,126	-	80,601,126
Total financial assets	**734,664,013**	**1,004,703**	**735,668,716**

(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.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and short and medium term bank facilities and bank loans.

The table below summarizes the maturity profile of the Group's liabilities as of December 31, based on contractual undiscounted liabilities:

	NO MATURITY USD	LESS THAN 3 MONTHS USD	3-12 MONTHS USD	1 TO 5 YEARS USD	TOTAL USD
DECEMBER 31, 2014					
Bank overdrafts, short and medium term facilities	237,576,702	110,497,260	204,600,814	-	552,674,776
Accounts payable and other liabilities	25,226,394	18,025,655	-	94,164	43,346,213
Dividends payable	63,681,032	-	-	-	63,681,032
Deferred revenues and other credit balances	22,850,100	-	-	-	22,850,100
Term bank loans	-	16,204,187	76,138,798	21,782,223	114,125,208
Non-financial liabilities	108,459,881	-	-	-	108,459,881
	457,794,109	**144,727,102**	**280,739,612**	**21,876,387**	**905,137,210**
DECEMBER 31, 2013					
Bank overdrafts, short and medium term facilities	229,792,642	110,497,260	182,491,728	38,717,260	561,498,890
Accounts payable and other liabilities	29,192,513	24,166,623	21,916	153,652	53,534,704
Dividends payable	66,485,375	-	-	-	66,485,375
Deferred revenues and other credit balances	19,561,500	-	-	-	19,561,500
Term bank loans	-	7,006,801	71,239,470	61,751,008	139,997,279
Non-financial liabilities	97,050,325	-	-	-	97,050,325
	442,082,355	**141,670,684**	**253,753,114**	**100,621,920**	**938,128,073**

36 Classification of Statement of Financial Position Items

DECEMBER 31,	2014 US$	2013 US$
ASSETS		
Current Assets		
Cash and banks balances	158,705,194	176,715,685
Prepayments and other debit balances - Current portion	38,464,189	43,265,190
Accounts and notes receivables, net - Current portion	138,181,788	102,311,925
Total Current Assets	335,351,171	322,292,800
Non Current Assets		
Prepayments and other debit balances - Non-current portion	4,796,853	9,179,846
Accounts and notes receivables, net - Non-current portion	414,109,006	332,884,310
Investments in assets-backed securities	72,768,003	80,601,126
Inventory of land and projects in progress	1,128,277,351	1,143,676,320
Investment properties, net	578,860,903	564,680,342
Investment in an joint ventures and associates	374,900,423	356,086,977
Fixed assets, net	55,022,732	64,095,894
Total Non-Current Assets	2,628,735,271	2,551,204,815
TOTAL ASSETS	**2,964,086,442**	**2,873,497,615**
LIABILITIES		
Current Liabilities		
Bank overdrafts, short and medium term facilities - Current portion	548,575,050	516,811,677
Accounts payable and other liabilities - Current portion	92,192,488	93,227,312
Dividends payable	63,681,032	66,485,375
Deferred revenue and other credit balances-Current portion	32,066,286	24,923,552
Term bank Loans - Current portion	68,207,567	73,240,943
Total Current Liabilities	804,722,423	774,688,859
Non-Current Liabilities		
Medium term facilities – Non-current portion	-	35,999,729
Accounts payable and other liabilities – Non-current portion	19,298,861	21,684,165
Deferred revenue and other credit balances – Non-current portion	33,600,100	30,311,500
Term bank loans – Non-current portion	41,873,000	59,984,000
Total Non-Current Liabilities	94,771,961	147,979,394
TOTAL LIABILITIES	899,494,384	922,668,253
EQUITY		
Issued capital at par value US$10 per share:		
100,000,000 class (A) shares	1,000,000,000	1,000,000,000
65,000,000 class (B) shares	650,000,000	650,000,000
	1,650,000,000	1,650,000,000
Legal reserve	164,070,347	154,380,009
Retained earnings	337,497,132	234,569,452
Cumulative foreign currency translation reserve	(318,337)	(377,283)
Deficit on treasury shares' activity	(2,446,798)	(2,446,798)
Less: Treasury shares	(84,210,286)	(84,210,286)
Total equity attributable to the owners of the Parent	2,064,592,058	1,951,915,094
Non-controlling interest	-	(1,085,732)
Total Equity	2,064,592,058	1,950,829,362
TOTAL LIABILITIES AND EQUITY	**2,964,086,442**	**2,873,497,615**

37 Fair Value Measurement

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 in Note 3.

The summary of the Group's classification of each class of assets and liabilities and their fair values are as follows:

	NOTES	CARRYING AMOUNT US$	LEVEL 1 US$	LEVEL 2 US$	LEVEL 3 US$	TOTAL US$
DECEMBER 31, 2014						
Financial Assets measured at Amortized cost						
Cash and bank balances	6	158,705,194	26,903,222	131,801,972	-	158,705,194
Other debit balances	7	34,629,627	-	34,629,627	-	34,629,627
Accounts and notes receivable	8	552,290,794	-	552,290,794	-	552,290,794
Investment in asset-backed securities	9	72,768,003	-	84,427,936	-	84,427,936
		818,393,618	**26,903,222**	**803,150,329**	**-**	**830,053,551**
Financial Liabilities measured at Amortized cost						
Bank overdrafts, short and medium term facilities	14	548,575,050	-	548,522,262	-	548,522,262
Accounts payable and other liabilities	15	43,346,213	-	43,346,213	-	43,346,213
Dividends payable	16	63,681,032	-	63,681,032	-	63,681,032
Deferred revenues and other credit balances	17	22,850,100	-	22,850,100	-	22,850,100
Term bank loans	18	110,080,567	-	110,986,024	-	110,986,024
		788,532,962	**-**	**789,385,631**	**-**	**789,385,631**
Non-financial Assets measured at Cost						
Investment properties	**11**	**578,860,903**	**-**	**1,431,625,892**	**-**	**1,431,625,892**
DECEMBER 31, 2013						
Financial Assets measured at Amortized cost						
Cash and bank balances	6	176,715,685	59,685	176,656,000	-	176,715,685
Other debit balances	7	43,155,670	-	43,155,670	-	43,155,670
Accounts and notes receivable	8	435,196,235	-	435,196,235	-	435,196,235
Investment in asset-backed securities	9	80,601,126	-	78,580,279	-	78,580,279
		735,668,716	**59,685**	**733,588,184**	**-**	**733,647,869**
Financial Liabilities measured at Amortized cost						
Bank overdrafts, short and medium term facilities	14	552,811,406	-	552,695,168	-	552,695,168
Accounts payable and other liabilities	15	53,534,704	-	53,534,704	-	53,534,704
Dividends payable	16	66,485,375	-	66,485,375	-	66,485,375
Deferred revenues and other credit balances	17	19,561,500	-	19,561,500	-	19,561,500
Term bank loans	18	133,224,943	-	133,484,359	-	133,484,359
		825,617,928	**-**	**825,761,106**	**-**	**825,761,106**
Non-financial Assets measured at Cost						
Investment properties	11	564,680,342	-	1,425,584,994	-	1,425,584,994
		564,680,342	**-**	**1,425,584,994**	**-**	**1,425,584,994**

The fair value of financial assets and financial liabilities was determined using the discounted cash flow method based on a discount rate equivalent to the market interest rate.

The fair value of the investment properties was estimated by management based on market comparability approach.

There have been no transfers between Level 1 and Level 2 during the period.

38 Approval of Financial Statements

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2014, on April 28, 2015.

Auditors

Deloitte & Touche
Arabia House, 131 Phoenicia Street
PO Box 961, Beirut, Lebanon
T 00961 1 364 700,
F 00961 1 367 087

Ernst & Young P.C.C.
Commerce and Finance Bldg, Kantari
PO Box 11 1639, Beirut 1107 2090,
Lebanon
T 00961 1 760 800,
F 00961 1 760 822/823

Legal Counsel

Sami Nahas
Attorney-at-Law
34 Clemenceau Street, BBAC bldg
PO Box 11 4570, Beirut, Lebanon
T 00961 1 364 990, 00961 1 374 990
F 00961 1 369 663

Solidere

Registered Office
Solidere Bldg 149, Saad Zaghloul Street
PO Box 11 9493, Beirut 2012 7305,
Lebanon
T 00961 1 980 650, 00961 1 962 000
F 00961 1 980 661, 00961 1 980 662

Design, Editing and Production
Multidisciplinary Design Department

solidere