

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION  
SIX-MONTH PERIOD ENDED  
JUNE 30, 2016**

**THE LEBANESE COMPANY FOR THE DEVELOPMENT  
AND RECONSTRUCTION OF BEIRUT CENTRAL DISTRICT S.A.L.  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SIX-MONTH PERIOD ENDED JUNE 30, 2016**

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

<b><u>ASSETS</u></b>	<b><u>Notes</u></b>	<b>(Unaudited)</b> <b>June 30,</b> <b>2016</b> <b>US\$</b>	<b>December 31,</b> <b>2015</b> <b>US\$</b>
Cash and bank balances		132,934,868	136,209,358
Prepayments and other debit balances		47,103,974	51,853,137
Accounts and notes receivables, net	6	510,887,675	466,209,794
Investment in asset-backed securities		64,265,744	69,481,753
Inventory of land and projects in progress		1,095,832,773	1,134,114,848
Investment properties, net		614,289,415	593,436,775
Investment in associates and joint ventures	7	402,448,460	407,632,317
Fixed assets, net		<u>56,607,931</u>	<u>58,562,126</u>
Total Assets		<u>2,924,370,840</u>	<u>2,917,500,108</u>
<b><u>LIABILITIES</u></b>			
Bank overdrafts and short term facilities		526,470,421	556,042,962
Accounts payable and other liabilities		104,999,492	111,621,702
Dividends payable	8	74,262,573	61,245,107
Deferred revenue and other credit balances		75,939,465	98,728,003
Term bank loans		<u>130,822,651</u>	<u>132,371,974</u>
Total Liabilities		<u>912,494,602</u>	<u>960,009,748</u>
<b><u>EQUITY</u></b>			
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		<u>650,000,000</u>	<u>650,000,000</u>
		1,650,000,000	1,650,000,000
Legal reserve		164,073,001	164,070,347
Retained earnings		234,136,356	197,408,966
Cumulative foreign currency translation reserve		71,572	( 440,731)
Deficit on treasury shares' activity		( 35,055,847)	( 21,382,494)
Less: Treasury shares		<u>( 1,348,844)</u>	<u>( 32,165,728)</u>
Total Equity		<u>2,011,876,238</u>	<u>1,957,490,360</u>
Total Liabilities and Equity		<u>2,924,370,840</u>	<u>2,917,500,108</u>

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

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

	<u>Notes</u>	(Unaudited)	
		Six-Month period	
		Ended June 30,	
		<u>2016</u>	<u>2015</u>
		US\$	US\$
Revenues from land sales		128,904,453	26,401,762
Revenues from rented properties		27,943,901	28,195,910
Revenues from services rendered		3,620,143	2,913,770
Revenues from hospitality		<u>204,121</u>	<u>329,575</u>
Total revenues		<u>160,672,618</u>	<u>57,841,017</u>
Cost of land sales		( 25,728,312)	( 6,763,500)
Depreciation of and charges on rented properties		( 13,434,170)	( 11,811,839)
Cost of rendered services		( 2,315,491)	( 2,722,629)
Cost of hospitality		<u>( 239,876)</u>	<u>( 527,044)</u>
Total cost of revenues		<u>( 41,717,849)</u>	<u>( 21,825,012)</u>
Gain on sale and disposal of investment properties		<u>659,584</u>	<u>1,209,936</u>
Net revenues from operations		119,614,353	37,225,941
Share of results of associates and joint ventures	7	( 5,696,160)	17,349,299
General and administrative expenses		( 17,585,852)	( 18,706,261)
Depreciation of fixed assets		( 2,251,089)	( 2,219,090)
Provision for impairment	6 (d)	-	( 50,514,181)
Loss on rescheduled receivables		( 541,099)	-
Provision for impairment of other debit balances		-	( 1,000,000)
Write off of receivables	6	( 17,426)	( 1,547,799)
Provision for contingencies		( 500,000)	( 500,000)
Other expenses		( 49,147)	( 370,402)
Other income		247,071	77,632
Taxes, fees and stamps		( 333,953)	( 475,248)
Interest income		11,167,039	9,608,462
Interest expense		( 18,230,238)	( 17,126,006)
Loss on exchange		<u>( 467,639)</u>	<u>( 508,756)</u>
Profit/(loss) before tax		85,355,860	( 28,706,409)
Income tax expense		<u>( 13,253,012)</u>	-
Profit/(loss) for the period		<u>72,102,848</u>	<u>( 28,706,409)</u>
Basic/diluted earnings per share	9	<u>0.4421</u>	<u>(0.1792)</u>
Attributable to:			
Equity owners of the Company – profit/(loss)		<u>72,102,848</u>	<u>( 28,706,409)</u>
Profit/(loss) for the period		<u>72,102,848</u>	<u>( 28,706,409)</u>

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

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

		(Unaudited) Six-Month period Ended June 30,	
	Notes	2016	2015
		US\$	US\$
Profit/(loss) for the period		72,102,848	( 28,706,409)
Other comprehensive loss:			
<i>Other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation reserve	7	512,303	( 97,041)
Other comprehensive income/(loss)		512,303	( 97,041)
Total comprehensive income/(loss) for the period		72,615,151	( 28,803,450)
<b>Attributable to:</b>			
Equity owners of the Company – profit/(loss)		72,615,151	( 28,803,450)
		72,615,151	( 28,803,450)

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

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

	<u>Share Capital</u> US\$	<u>Legal Reserve</u> US\$	<u>Retained Earnings</u> US\$	<u>Cumulative Foreign Currency Translation Reserve</u> US\$	<u>Deficit on Treasury Shares' Activity</u> US\$	<u>Treasury Shares</u> US\$	<u>Total</u> US\$
Balance January 1, 2015	1,650,000,000	164,070,347	337,497,132	( 318,337)	( 2,446,798)	( 84,210,286)	2,064,592,058
Total comprehensive loss	-	-	( 28,706,409)	( 97,041)	-	-	( 28,803,450)
Balance June 30, 2015 (Unaudited)	<u>1,650,000,000</u>	<u>164,070,347</u>	<u>308,790,723</u>	<u>( 415,378)</u>	<u>( 2,446,798)</u>	<u>( 84,210,286)</u>	<u>2,035,788,608</u>
Balance January 1, 2016	1,650,000,000	164,070,347	197,408,966	( 440,731)	( 21,382,494)	( 32,165,728)	1,957,490,360
Allocation to legal reserve from 2015 profit	-	2,654	( 2,654)	-	-	-	-
Distribution of dividends (Note 8)	-	-	( 35,372,804)	-	( 13,673,353)	30,816,884	( 18,229,273)
Total comprehensive income	-	-	<u>72,102,848</u>	<u>512,303</u>	-	-	<u>72,615,151</u>
Balance June 30, 2016 (Unaudited)	<u><u>1,650,000,000</u></u>	<u><u>164,073,001</u></u>	<u><u>234,136,356</u></u>	<u><u>71,572</u></u>	<u><u>( 35,055,847)</u></u>	<u><u>( 1,348,844)</u></u>	<u><u>2,011,876,238</u></u>

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

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

	<u>Notes</u>	<b>(Unaudited)</b>	
		<b>Six-Month period</b>	
		<b>Ended June 30,</b>	
		<u>2016</u>	<u>2015</u>
		US\$	US\$
<b>Operating Activities:</b>			
Profit/(loss) for the period before income tax		85,355,860	( 28,706,409)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	10(a)	11,819,714	7,874,362
Provision for impairment		-	50,514,181
Gain on sale and disposal of investment properties		( 659,584)	( 1,209,936)
Loss on sale of fixed assets		47,524	22,123
Write off of receivables		17,426	1,547,799
Provision for impairment of other debit balances		-	1,000,000
Provision for contingencies		500,000	500,000
Loss on rescheduled receivables		541,099	-
Share of results of associates and joint ventures	7	5,696,160	( 17,349,299)
Interest income		( 11,167,039)	( 9,608,462)
Interest expense	10(b)	18,230,238	17,126,006
Changes in working capital:			
Prepayments and other debit balances		2,578,651	1,036,928
Accounts and notes receivable		( 45,236,406)	( 22,394,753)
Inventory of land and projects in progress	10(c)	7,386,164	( 8,961,762)
Accounts payable and other liabilities		( 18,795,893)	( 9,852,001)
Deferred revenues and other credit balances	10(e)	( 22,788,538)	1,684,151
Interest received		13,337,551	9,243,295
Income tax paid		( 4,807,936)	( 16,032,208)
Net cash provided by/(used in) operating activities		<u>42,054,991</u>	<u>( 23,565,985)</u>
<b>Investing Activities:</b>			
Securities held-to-maturity		-	1,625,625
Acquisition of fixed assets		( 809,717)	( 19,115)
Acquisition of investment properties		( 839,499)	( 241,062)
Proceeds from sale of investment properties		1,950,219	2,100,000
Proceeds from sale of fixed assets		488,808	530,621
Investment in asset-backed securities		<u>5,216,009</u>	-
Net cash provided by investing activities		<u>6,005,820</u>	<u>3,996,069</u>
<b>Financing Activities:</b>			
Term bank loans		( 1,549,323)	( 15,571,887)
Dividends paid		( 1,516,385)	( 5,298,584)
Interest paid		( 18,697,052)	( 18,783,560)
Bank short term facilities		( 34,998,960)	-
Net cash used in financing activities		<u>( 56,761,720)</u>	<u>( 39,654,031)</u>
Net decrease in cash and cash equivalents	10(f)	( 8,700,909)	( 59,223,947)
Cash and cash equivalents--Beginning of the period	10(f)	<u>( 108,836,510)</u>	<u>( 78,871,508)</u>
Cash and cash equivalents--End of the period		<u>( 117,537,419)</u>	<u>( 138,095,455)</u>

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

**THE LEBANESE COMPANY FOR THE DEVELOPMENT AND RECONSTRUCTION  
OF BEIRUT CENTRAL DISTRICT S.A.L.  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SIX-MONTH PERIOD ENDED JUNE 30, 2016**

**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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

In the current period, 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, 2016 and that are applicable to the Group.



- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

The above did not have any impact on the Group.

In addition, and as of the date of authorization of these financial statements, certain Standards and Interpretations were in issue but not yet effective. Except for IFRS 9 and IFRS 15, management anticipates that the adoption of these Standards and Interpretations (where applicable) in the related future periods will have no material impact on the financial statements of the Group. The effect of the adoption of IFRS 9 and IFRS 15 cannot be determined at present.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim consolidated financial information for the six-month period ended June 30, 2016 has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The condensed interim consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2015.

The accounting policies adopted in the preparation of the condensed interim consolidated financial information are consistent with the accounting policies adopted in the preparation of the annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of new standards and interpretations described in note 2, as applicable.

The interim condensed consolidated financial information is presented in U.S. Dollars.

The interim condensed consolidated financial information is prepared under the historical cost convention as modified for the measurement at fair value, as applicable.

## Basis of consolidation

The interim condensed consolidated financial information incorporates 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 June 30, 2016. 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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised 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:

<u>Company</u>	<u>Ownership Share</u> %	<u>Date of Establishment</u>	<u>Activity</u>
Solidere Management Services S.A.L.	100	June 2006	Real Estate Management
Solidere Management Services (Offshore) S.A.L.	100	March 2007	Real Estate Management
Solidere International Holdings S.A.L.	100	May 2007	Holding
BHC Holding S.A.L. and its Subsidiaries	100	March 2010	Hospitality

#### **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 estimates and underlying assumptions made by the Group's management for the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2015

#### **5. OPERATING SEGMENTS**

For management purposes, the Group is organized into business units according to their operations. The Group 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 interim condensed consolidated financial information.

(Unaudited) June 30, 2016

	<u>Real Estate Sales</u>	<u>Real Estate Rental and Rendered Services</u>	<u>Hospitality</u>	<u>Eliminations</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$
Total assets	<u>2,353,692,868</u>	<u>669,937,627</u>	<u>4,529,981</u>	<u>( 103,789,636)</u>	<u>2,924,370,840</u>
Total liabilities	<u>707,053,078</u>	<u>209,041,364</u>	<u>34,100,445</u>	<u>( 37,700,285)</u>	<u>912,494,602</u>

(Unaudited)  
June 30, 2016

	<u>Real Estate Sales</u>	<u>Real Estate Rental and Rendered Services</u>	<u>Hospitality</u>	<u>Eliminations</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$
Revenues	128,904,453	32,264,044	204,121	( 700,000)	160,672,618
Cost of revenues	( 25,728,312)	( 17,149,693)	( 239,876)	1,400,032	( 41,717,849)
Gain on sale of investment properties	<u>659,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,584</u>
Net revenues from operations	103,835,725	15,114,351	( 35,755)	700,032	119,614,353
Share results from associates	( 5,696,160)	-	-	-	( 5,696,160)
General and administrative expenses	( 15,114,207)	( 1,718,040)	( 53,605)	( 700,000)	( 17,585,852)
Depreciation of fixed assets	( 1,712,805)	( 192,677)	( 345,607)	-	( 2,251,089)
Loss on rescheduled receivables	( 541,099)	-	-	-	( 541,099)
Provision for Impairment	( 2,344,320)	-	-	2,344,320	-
Write-off of receivables	( 17,426)	-	-	-	( 17,426)
Provision for Contingencies	( 500,000)	-	-	-	( 500,000)
Other expenses, net	-	-	( 49,147)	-	( 49,147)
Other income	94,285	-	152,786	-	247,071
Other taxes	( 326,506)	( 7,183)	( 264)	-	( 333,953)
Interest income	11,094,388	59,215	13,436	-	11,167,039
Interest expense	( 18,055,552)	( 7,486)	( 167,200)	-	( 18,230,238)
Loss on Exchange	<u>( 467,901)</u>	<u>123</u>	<u>139</u>	<u>-</u>	<u>( 467,639)</u>
Profit before tax	70,248,422	13,248,303	( 485,217)	2,344,352	85,355,860
Income tax expense	<u>( 13,253,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 13,253,012)</u>
Profit for the year	<u>56,995,410</u>	<u>13,248,303</u>	<u>( 485,217)</u>	<u>2,344,352</u>	<u>72,102,848</u>

	<b>December 31, 2015</b>				
	<b>Real Estate Sales</b>	<b>Real Estate Rental and Rendered Services</b>	<b>Hospitality</b>	<b>Eliminations</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Total assets	<u>2,376,372,760</u>	<u>635,404,219</u>	<u>4,933,428</u>	<u>( 99,210,299)</u>	<u>2,917,500,108</u>
Total liabilities	<u>752,870,378</u>	<u>209,081,141</u>	<u>34,022,649</u>	<u>( 35,964,420)</u>	<u>960,009,748</u>
	<b>(Unaudited)</b>				
	<b>June 30, 2015</b>				
	<b>Real Estate Sales</b>	<b>Real Estate Rental and Rendered Services</b>	<b>Hospitality</b>	<b>Eliminations</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Revenues	26,401,762	31,808,857	329,575	( 699,177)	57,841,017
Cost of revenues	( 6,763,500)	( 15,933,645)	( 527,044)	1,399,177	( 21,825,012)
Gain on sale and disposal of Investment properties	<u>1,209,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209,936</u>
Net revenues from operations	20,848,198	15,875,212	( 197,469)	700,000	37,225,941
Share of results of associates and joint ventures	17,349,299	-	-	-	17,349,299
General and administrative expenses	( 15,490,126)	( 2,426,132)	( 90,003)	( 700,000)	( 18,706,261)
Depreciation of fixed assets	( 1,632,272)	( 181,364)	( 405,454)	-	( 2,219,090)
Provision for impairment	( 50,514,181)	-	-	-	( 50,514,181)
Provision for impairment of other debit balances	( 5,305,585)	-	-	4,305,585	( 1,000,000)
Write-off of receivables	( 1,547,799)	-	-	-	( 1,547,799)
Provision for contingencies	( 500,000)	-	-	-	( 500,000)
Other expenses	( 350,000)	-	( 20,402)	-	( 370,402)
Other income	20,171	-	57,461	-	77,632
Taxes, fees and stamps	( 463,081)	( 8,656)	( 3,511)	-	( 475,248)
Interest income	9,605,960	-	2,502	-	9,608,462
Interest expense	( 16,850,528)	-	( 275,478)	-	( 17,126,006)
(Loss)/gain on exchange	( 509,154)	( 200)	598	-	( 508,756)
(Loss)/profit before tax	( 45,339,098)	13,258,860	( 931,756)	4,305,585	( 28,706,409)
Income tax expense	-	-	-	-	-
(Loss)/profit for the period	<u>( 45,339,098)</u>	<u>13,258,860</u>	<u>( 931,756)</u>	<u>4,305,585</u>	<u>( 28,706,409)</u>

## 6. ACCOUNTS AND NOTES RECEIVABLE, NET

	<b>(Unaudited)</b>	
	<b>June 30,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Notes receivable	609,719,535	604,952,289
Accounts receivable	5,195,680	5,492,380
Reserve account receivable from BCD 1 Fund	7,350,578	7,350,579
Deferred charges from securitization of notes	4,928,469	4,928,469
Receivables from tenants	55,648,212	52,717,443
Less: Unearned interest	( 88,781,537)	( 97,571,393)
Less: Provision for problematic receivables	( 72,173,262)	( 100,659,973)
Less: Provision for collectively assessed receivables	( 11,000,000)	( 11,000,000)
	<u>510,887,675</u>	<u>466,209,794</u>

During the six-month period ending June 30, 2016, the Group wrote-off long outstanding receivables of US\$17,426 (US\$1,547,799 during the six-month period ending June 30, 2015) recorded under “Write-off of receivables” in the interim consolidated statement of profit or loss.

The Group's credit risk exposure in notes and accounts receivable is spread over 30 counter-parties; 16 customers constitute 91% of the total exposure and 14 customers constitute the remaining 9% as of June 30, 2016 (as of December 31, 2015, 27 counter-parties; 12 customers constitute 91% of the total exposure and 15 customers constitute the remaining 9%).

The Group's credit exposure in receivables from tenants is spread over a large number of counter-parties; 3 tenants constitute 52% of the total exposure as of June 30, 2016 (6 tenants constitute 50% of the total exposure as of December 31, 2015).

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

	<b>(Unaudited)</b>	
	<b>June 30,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Doubtful balances	55,433,201	91,456,594
Overdue but not impaired	22,306,050	24,141,422
2016	74,647,621	98,416,370
2017	106,705,978	93,653,702
2018 and above	<u>350,626,685</u>	<u>297,284,201</u>
	<u>609,719,535</u>	<u>604,952,289</u>

(b) Accounts receivable carry the following maturities:

	<b>(Unaudited)</b> <b>June 30,</b> <b>2016</b>	<b>December 31,</b> <b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Overdue but not impaired	2,375,907	2,672,607
2016	<u>2,819,773</u>	<u>2,819,773</u>
	<u><u>5,195,680</u></u>	<u><u>5,492,380</u></u>

(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. The outstanding balance as of June 30, 2016 amounted to US\$23,758,410.

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

	<b>(Unaudited)</b> <b>June 30,</b> <b>2016</b>	<b>December 31,</b> <b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Balance at the beginning of the year	100,659,973	7,459,230
Additions	-	44,842,651
Write-off	( 28,486,711)	-
Balance at the end of the period/year	<u><u>72,173,262</u></u>	<u><u>52,301,881</u></u>

During the six month period ended June 30, 2016, the Group cancelled a land sales contract with one client amounting to US\$ 37,800,000 resulting in a loss of US\$ 33,385,406 that was previously provided for in 2015.

During 2015, the Group set up a provision for the probable loss on a previously executed sale contract in the amount of US\$50,514,181. The contract value amounted to US\$59,790,200 with an outstanding receivable of US\$44,842,650 (excluding interest) as at June 30, 2015. The provision was recorded against notes receivable to the extent of US\$44,842,650 and the remaining balance of control US\$5,671,531 was recorded under "Accounts payable and other liabilities" in the interim consolidated financial position as at June 30, 2015.

(e) During 2015, the Group setup a provision in the amount of US\$11,000,000 for collectively assessed receivables. No additional provision was booked in 2016.

## 7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	<b>(Unaudited)</b>	
	<b>June 30,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Investment in Solidere International Limited (Associate)	365,012,216	367,081,992
Investment in BCD Cinemas S.A.L. (Associate)	298,307	145,084
Investment in Beirut Waterfront Development S.A.L. (Joint Venture)	576,474	3,822,172
Investment in Beirut Real Estate Management and Services S.A.L. (Joint Venture)	16,586	38,192
Investment in ASB – Downtown S.A.L. (Associate)	4,877	4,877
	<u>365,908,460</u>	<u>371,092,317</u>
Long term loan to Beirut Waterfront Development S.A.L. (Joint Venture)	36,540,000	36,540,000
	<u>402,448,460</u>	<u>407,632,317</u>

The movement in investment in associates and joint ventures is as follows:

	<b>(Unaudited)</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<u>US\$</u>	<u>US\$</u>
Balance at the beginning of the period	407,632,317	374,900,423
Share of results of associates and joint ventures	( 5,696,160)	17,349,299
Foreign currency translation reserve	512,303	( 97,041)
Balance at the end of the period	<u>402,448,460</u>	<u>392,152,681</u>

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

	<u>Country of Incorporation</u>	<u>Ownership Interest %</u>	<u>June 30, 2016 (Unaudited)</u>		<u>December 31, 2015</u>	
			<u>At Cost US\$</u>	<u>Group's Share of Equity US\$</u>	<u>At Cost US\$</u>	<u>Group's Share of Equity US\$</u>
Solidere International Limited (Associate) (a)	UAE	39.05	237,789,902	365,012,216	237,789,902	367,081,992
BCD Cinemas S.A.L. (Associate) (b)	Lebanon	40.00	8,000	298,307	8,000	145,084
Beirut Waterfront Development S.A.L. (c) (Joint venture)	Lebanon	50.00	11,385,075	576,474	11,385,075	3,822,172
Beirut Real Estate Management and Services (Joint venture) (d)	Lebanon	45.00	9,000	16,586	9,000	38,192
ASB - Downtown S.A.L. ( e) (Associate)	Lebanon	24.50	4,877	4,877	4,877	4,877
			<u>249,196,854</u>	<u>365,908,460</u>	<u>249,196,854</u>	<u>371,092,317</u>



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

<b>June 30, 2016 (unaudited)</b>				
	<b>Solidere International Limited</b>	<b>Beirut Waterfront Development SAL</b>	<b>Other associates and joint ventures</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Total revenue	4,002,404	3,578,607	4,134,451	11,715,462
Total cost of revenue	( 2,158,820)	( 4,275,101)	( 2,240,111)	( 8,674,032)
Profit/(loss) for the period	( 6,945,949)	( 6,491,397)	418,668	( 13,018,678)
<b>Group's share of results- Profit/(loss)</b>	( 2,582,078)	( 3,245,699)	131,617	( 5,696,160)
<b>June 30, 2015 (unaudited)</b>				
	<b>Solidere International Limited</b>	<b>Beirut Waterfront Development SAL</b>	<b>Other associates and joint ventures</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Total revenue	3,789,865	39,455,550	4,287,209	47,532,624
Total cost of revenue	( 2,459,121)	( 15,719,080)	( 1,796,565)	( 19,974,766)
Profit for the period	22,570,567	15,952,056	816,855	39,339,478
<b>Group's share of results- Profit</b>	8,910,420	7,976,028	462,851	17,349,299

## **8. DIVIDEND DISTRIBUTION**

The General assembly held on June 27, 2016 decided to distribute dividends on the basis of US\$ 0.1 per share and to distribute Class (A) and Class (B) shares from its treasury shares on the basis of 1 share for every 80 shares for a total consideration of US\$35,372,804 and issued the related share certificates. As a result, the Group recorded cash dividends payable in the amount of US\$16.3million net of distribution tax in the amount of US\$1.7 million. Stock dividends with an aggregate weighted average cost of US\$32,743,648 were distributed at an average market price of US\$9.35 resulting in a loss of US\$13,673,353 recorded under "Deficit on treasury shares activity" under equity. The Group reacquired 206,250 treasury shares from a shareholder for an amount of US\$1,926,764 to ensure compliance with Law 117/91 which stipulated that the maximum equity stake of a shareholder or a group of related shareholders should not exceed 10% of total capital.

## **9. 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 163,055,264 shares for the six-month period ended June 30, 2016 (160,153,796 shares for the six-month period ended June 30,2015).

## **10. NOTES TO THE CASH FLOW STATEMENT**

- (a) Depreciation was applied as follows:

	<b>(Unaudited)</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Depreciation of fixed assets	2,251,089	1,812,635
Depreciation of investment properties	<u>9,568,625</u>	<u>6,061,727</u>
Depreciation charge for the year	<u><u>11,819,714</u></u>	<u><u>7,874,362</u></u>

- (b) Interest expense consists of the following:

	<b>(Unaudited)</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Interest charged as period cost	18,230,238	17,126,006
Interest expense allocated to inventory of land and projects in progress	<u>106,676</u>	<u>728,013</u>
Total interest expense	<u><u>18,336,914</u></u>	<u><u>17,854,019</u></u>

- (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\$31,286,074 for the six-month period ended June 30, 2016 (US\$7,084,419 for the six-month period ended June 30, 2015).
- (d) Non-cash transactions in investing activities for the six-month period ended June 30, 2016, include cumulative foreign currency translation reserve in the amount of US\$512,303 (US\$97,041 for the six-month period ended June 30, 2015) 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 for the six-month period ended June 30, 2016, include accrued interest income on long term loan to a joint venture in the amount of US\$1,616,133 (US\$1,531,420 for the six-month period ended June 30, 2015) which was excluded from “Prepayments and other debit balances” against “deferred revenues and other credit balances”.

(f) Cash and cash equivalents comprise of the following:

	<b>(Unaudited)</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Cash on hand	42,656	60,460
Checks under collection	34,978	-
Current accounts	11,030,270	15,096,443
Short term deposits	121,826,964	93,658,347
Bank overdrafts	<u>( 250,472,287)</u>	<u>( 246,910,705)</u>
	<u>( 117,537,419)</u>	<u>( 138,095,455)</u>

  

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Cash on hand	54,098	58,491
Checks under collection	6,197,926	26,844,731
Current accounts	11,896,267	15,225,943
Short term deposits	118,061,067	116,576,029
Bank overdrafts	<u>( 245,045,868)</u>	<u>( 237,576,702)</u>
	<u>( 108,836,510)</u>	<u>( 78,871,508)</u>

## **11. RELATED PARTY TRANSACTIONS**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

The following table provides the outstanding balances and the aggregate amount of the transactions that were entered into with related parties for the relevant financial period:

	<b>(Unaudited)</b>	
	<b>June 30, 2016</b>	
	<b>Due From</b>	<b>Due To</b>
	<b>US\$</b>	<b>US\$</b>
Solidere International Limited (Associate)	858,858	-
City Makers S.A.R.L. (Related party)	163,157	-
Beirut Real Estate Management and Services S.A.L. (Joint Venture)	3,394	-
BCD Cinemas S.A.L. (Associate)	3,092,504	-
Beirut Waterfront Development S.A.L. (Joint Venture)	-	181,253
ASB – Downtown S.A.L. (Associate)	119,193	-
	<u>4,237,106</u>	<u>181,253</u>

	<b>December 31, 2015</b>	
	<b>Due From</b>	<b>Due To</b>
	<b>US\$</b>	<b>US\$</b>
Solidere International Limited (Associate)	856,558	-
City Makers S.A.R.L. (Related party)	64,640	-
Beirut Real Estate Management and Services S.A.L. (Joint Venture)	3,394	-
BCD Cinemas S.A.L. (Associate)	3,021,568	-
Beirut Waterfront Development S.A.L. (Joint Venture)	-	8,473
ASB – Downtown S.A.L. (Associate)	119,193	-
	<u>4,065,353</u>	<u>8,473</u>

Cash and bank balances include US\$85,625,831 as of June 30, 2016 (US\$86,390,528 as of December 31, 2015) representing current bank accounts 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.

Bank overdrafts, short and medium term facilities include US\$119,830,602 as of June 30, 2016 (US\$110,049,241 as of December 31, 2015) representing short term facilities with a local bank who is a significant but minority shareholder of the Group.

Included under “Interest expense” in the interim consolidated statement of profit or loss is an amount of US\$2,782,536 for the period ended June 30, 2016 (US\$2,940,958 for the period ended June 30, 2015) representing interest expense on short term facilities with a local bank who is a significant but minority shareholder of the Group.

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\$16,470,733 as of June 30, 2016 (US\$14,854,599 as of December 31, 2015) recorded under “Prepayments and other debit balances”.

During the six-month period ended June 30, 2016, the Group charged Solidere International Limited, an associate, administrative expenses amounting to US\$400,000 (US\$450,000 for the six-month period ended June 30, 2015).

Total benefits paid to executives and members of the Board of Directors (including salary, bonus and others) for the period ended June 30, 2016 included within “General and administrative expenses” amounted to US\$1,467,258 (US\$1,420,930 and US\$350,000 for the six-month period ended June 30, 2015 included within “General and administrative expenses” and “Other expenses”, respectively).

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.

## **12. 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 291,800m<sup>2</sup> 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 at inception. This remaining estimate of cost to complete at period end is used as a base for the determination of cost of sales.
- (c) Commitments for contracted works not executed as of June 30, 2016 amounted to approximately US\$75million (US\$74million as of December 31, 2015).
- (d) 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 interim condensed 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 58,000m<sup>2</sup> and 556,340 Class A shares in exchange for approximately 15,000m<sup>2</sup> 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 interim condensed consolidated financial information.

- (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 interim condensed consolidated financial information.
- (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 4,900m<sup>2</sup> against ceding of owners' shares from both lots. Additionally, a built up area of 5,335m<sup>2</sup> (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 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. The case was deferred until October 25, 2016.
- (j) The Group is a party in a claim of a delay penalty estimated at around US\$300,000 for not executing a judgement. The Group has appealed the case in front of the civil court to cancel this judgement. The case was postponed to February 12, 2016 when the judge ruled that the Group pay the plaintiff a fine of LBP150million. The Group challenged this judgment before the court of appeal on February 19, 2016 and obtained from the latter a stay of execution on March 10, 2016 which shall remain in force until the case is ruled upon by the court of appeal. The case is currently pending before this Court and no hearing has been fixed yet.
- (k) The Group has commitments and contingencies in the form of letters of guarantee in the amount of US\$11,783,633 as at June 30, 2016 (as at December 31, 2015 commitments and contingencies in the form of letters of guarantee in the amount of US\$11,783,633).

### **13. CLASSIFICATION OF STATEMENT OF FINANCIAL POSITION ITEMS**

<b><u>ASSETS</u></b>	<b>(Unaudited) June 30, 2016 US\$</b>	<b>December 31, 2015 US\$</b>
<b><u>Current Assets</u></b>		
Cash and banks balances	132,934,868	136,209,358
Prepayments and other debit balances - Current portion	41,254,368	46,175,284
Accounts and notes receivables, net - Current portion	167,817,561	171,564,236
Investments in assets-backed securities	9,007,237	9,007,237
Total Current Assets	<u>351,014,034</u>	<u>362,956,115</u>
<b><u>Non-Current Assets</u></b>		
Prepayments and other debit balances – Non-current portion	5,849,606	5,677,853
Accounts and notes receivables, net – Non-current portion	343,070,114	294,645,558
Investments in assets-backed securities	55,258,507	60,474,516
Inventory of land and projects in progress	1,095,832,773	1,134,114,848
Investment properties, net	614,289,415	593,436,775
Investment in associates and joint ventures	402,448,460	407,632,317
Fixed assets, net	56,607,931	58,562,126
Total Non-Current Assets	<u>2,573,356,806</u>	<u>2,554,543,993</u>
<b>TOTAL ASSETS</b>	<u><u>2,924,370,840</u></u>	<u><u>2,917,500,108</u></u>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Bank overdrafts, short and medium term facilities - Current portion	526,470,421	556,042,962
Accounts payable and other liabilities - Current portion	83,563,677	89,816,690
Dividends payable	74,262,573	61,245,107
Deferred revenue and other credit balances - Current portion	37,406,465	61,839,303
Term bank loans-Current portion	91,897,251	76,246,774
Total Current Liabilities	<u>813,600,387</u>	<u>845,190,836</u>
<b><u>Non-Current Liabilities</u></b>		
Accounts payable and other liabilities - Non current portion	21,435,815	21,805,012
Deferred revenue and other credit balances - Non current portion	38,533,000	36,888,700
Term bank loans-Non current portion	38,925,400	56,125,200
Total Non Current Liabilities	<u>98,894,215</u>	<u>114,818,912</u>
Total Liabilities	<u>912,494,602</u>	<u>960,009,748</u>
<b><u>EQUITY</u></b>		
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
	<u>1,650,000,000</u>	<u>1,650,000,000</u>
Legal reserve	164,073,001	164,070,347
Retained earnings	234,136,356	197,408,966
Cumulative foreign currency translation reserve	71,572	( 440,731)
Deficit on treasury shares' activity	( 35,055,847)	( 21,382,494)
Less: Treasury shares	( 1,348,844)	( 32,165,728)
Total Equity	<u>2,011,876,238</u>	<u>1,957,490,360</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>2,924,370,840</u></u>	<u><u>2,917,500,108</u></u>

## **14. 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:

	<b>(Unaudited) June 30, 2016</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	
<b>Financial Assets measured at amortized cost:</b>					
Cash and bank balances	132,934,868	77,634	132,857,234	-	132,934,868
Other debit balances	39,264,891	-	39,264,891	-	39,264,891
Accounts and notes receivable, net	510,887,675	-	506,325,006	-	506,325,006
Investment in asset-backed securities	<u>64,265,744</u>	-	<u>83,945,317</u>	-	<u>83,945,317</u>
	<u>747,353,178</u>	<u>77,634</u>	<u>762,392,448</u>	<u>-</u>	<u>762,470,082</u>
<b>Financial Liabilities measured at amortized cost:</b>					
Bank overdrafts, short and medium term facilities	526,470,421	-	526,571,144	-	526,571,144
Accounts payable and other liabilities	41,136,475	-	41,136,475	-	41,136,475
Dividends payable	74,262,573	-	74,262,573	-	74,262,573
Deferred revenue and other credit balances	75,939,465	-	75,939,465	-	75,939,465
Term bank loans	<u>130,822,651</u>	-	<u>130,985,953</u>	-	<u>130,985,953</u>
Total Liabilities	<u>848,631,585</u>	<u>-</u>	<u>848,895,610</u>	<u>-</u>	<u>848,895,610</u>
<b>Non-Financial Assets measured at cost:</b>					
Investment properties	<u>614,289,415</u>	-	<u>1,368,520,209</u>	-	<u>1,368,520,209</u>
	<u>614,289,415</u>	<u>-</u>	<u>1,368,520,209</u>	<u>-</u>	<u>1,368,520,209</u>
<b>December 31, 2015</b>					
	<b>Carrying Amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	
<b>Financial Assets measured at amortized cost:</b>					
Cash and bank balances	136,209,358	6,252,024	129,957,334	-	136,209,358
Other debit balances	41,503,059	-	41,503,059	-	41,503,059
Accounts and notes receivable	466,209,794	-	-	-	-
Investment in asset-backed securities	<u>69,481,753</u>	-	<u>89,249,759</u>	-	<u>89,249,759</u>
	<u>713,403,964</u>	<u>6,252,024</u>	<u>260,710,152</u>	<u>-</u>	<u>266,962,176</u>
<b>Financial Liabilities measured at amortized cost:</b>					
Bank overdrafts, short and medium term facilities	556,042,962	-	556,516,917	-	556,516,917
Accounts payable and other liabilities	44,515,941	-	44,515,941	-	44,515,941
Dividends payable	61,245,107	-	61,245,107	-	61,245,107
Deferred revenues and other credit balances	87,978,003	-	87,978,003	-	87,978,003
Term bank loans	<u>132,371,974</u>	-	<u>133,646,740</u>	-	<u>133,646,740</u>
	<u>882,153,987</u>	<u>-</u>	<u>883,902,708</u>	<u>-</u>	<u>883,902,708</u>
<b>Non-financial Assets measured at Cost:</b>					
Investment properties	<u>593,436,775</u>	-	<u>1,368,520,209</u>	-	<u>1,368,520,209</u>



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.

#### **15. APPROVAL OF FINANCIAL STATEMENTS**

The Board of Directors approved the interim condensed consolidated financial information for the six-month period ended June 30, 2016 on September 26, 2016.