ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab International Development and
Investment Company S.A.L.
Beirut, Lebanon

We have audited the accompanying financial statements of Arab International Development and Investment Company S.A.L., which comprise of the statement of financial position as at December 31, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

1. Customers cash omnibus accounts in the off-balance sheet amounting to LBP35billion include LBP7.9billion margin accounts that are financed by the Company on behalf of clients through bank borrowings. According to IFRS these borrowings should be recorded as liability in the statement of position with a corresponding debit to customer accounts in the amount of LBP7.9billion. Had these amounts been properly reflected in the financial statements, customers' overdrawn balances and banks' borrowings would have each increased by the above mentioned amount.

Opinion

In our opinion, except for the effect of the matter referred to in paragraph (1) above, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Arab International Development and Investment Company S.A.L. as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 22, 2015

Deloitte & Touche
Deloitte & Touche

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF FINANCIAL POSITION

	Notes	December 31, 2014 LBP'000	December 31, 2013 LBP'000
ASSETS			
Current Assets:			
Cash and Central Bank	5	314	6,063,808
Banks and financial institutions	6	6,793,923	599,848
Accounts receivable	7	391,415	1,184,366
Prepayments and other assets	8	63,172	54,624
Total current assets		7,248,824	7,902,646
Property and equipment	9	1,572,734	1,642,736
Total Assets		8,821,558	9,545,382
LIABILITIES			
Current Liabilities:			
Credit balance with omnibus accounts	19	261,843	955,071
Due to shareholders		56,061	65,205
Accrued charges and other liabilities	10	329,849	377,983
Total current liabilities		647,753	1,398,259
Non-Current Liabilities:			
Provision for employees' end-of-service indemnity	11	188,232	164,904
Total liabilities		835,985	1,563,163
EQUITY			
Capital	12	7,500,000	7,500,000
Revaluation surplus	13	42,429	42,429
Legal reserve	14	317,249	307,002
Retained Earnings		107,167	30,311
Profit for the year		18,728	102,477
Total equity		7,985,573	7,982,219
Total Liabilities and Equity		8,821,558	9,545,382
OFF BALANCE SHEET ACCOUNTS			
Customers' accounts at fair value	19	11,804,631	32,541,467

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year Ended December 31, 2014 LBP'000	Year Ended December 31, 2013 LBP'000
Service fees and brokerage commission revenue	15	2,134,957	2,917,472
Commissions and other financial charges	16	(970,510)	(1,598,477)
		1,164,447	1,318,995
Employees' benefits		(612,897)	(493,966)
Provision for doubtful debts	7	-	-
General and administrative expenses	17	(420,928)	(468,682)
(Loss)/gain on exchange		(33,284)	12,320
Interest income		352,168	311,312
Interest expense		(430,778)	(547,887)
Loss on sales of shares		-	(29,615)
		(1,145,719)	(1,216,518)
Profit before income tax		18,728	102,477
Less: Provision for income tax	10	-	-
Net profit for the year		18,728	102,477
Other comprehensive income		-	-
Total comprehensive income		18,728	102,477

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF CHANGES IN EQUITY

	Notes	Capital LBP'000	Revaluation Surplus LBP'000	Legal Reserve LBP'000	Retained Earnings LBP'000	Profit for the Year LBP'000	Total LBP'000
Balance as at January 1, 2013		1,452,900	42,429	307,002	1,248,396	(99,185)	2,951,542
Allocation of 2012 loss		-	-	-	(99,185)	99,185	-
Transfer from retained earnings to capital	12	1,118,900	-	-	(1,118,900)	-	-
Capital injection	12	4,928,200	-	-	-	-	4,928,200
Total comprehensive income for 2013		-	-	-	-	102,477	102,477
Balance as at December 31, 2013		7,500,000	42,429	307,002	30,311	102,477	7,982,219
Allocation of 2013 income		-	-	10,247	92,230	(102,477)	-
Total comprehensive income for 2014		-	-	-	-	18,728	18,728
Income tax related to year 2013	10	-	-	-	(15,374)	-	(15,374)
Balance as at December 31, 2014		7,500,000	42,429	317,249	107,167	18,728	7,985,573

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY S.A.L.
STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31, 2014 LBP'000	Year Ended December 31, 2013 LBP'000
Cash flows from operating activities:			
Profit for the year		18,728	102,477
Adjustments:			
Depreciation	9	70,002	60,100
Provision for end-of-service indemnity	11	23,328	8,131
Decrease/(increase) in accounts receivable		792,951	(809,584)
(Increase)/decrease in prepayments and other assets		(8,548)	17,377
(Decrease)/increase in credit balance with omnibus accounts		(693,228)	382,357
Decrease in accrued charged and other liabilities		(48,134)	(6,653)
Settlements of end-of-service indemnity	11	-	(1,268)
Income tax paid		(15,374)	-
Net cash generated from/(used in) operating activities		139,725	(247,063)
Cash flows from investing activities:			
Acquisition of property and equipment		-	(455,366)
Net cash used in investing activities		-	(455,366)
Cash flows from financing activities:			
Increase in capital	12	-	4,928,200
(Decrease)/increase in due to shareholders		(9,144)	52,440
Net cash (used in)/generated from financing activities		(9,144)	4,980,640
Net increase in cash and cash equivalents		130,581	4,278,211
Cash and cash equivalents -- beginning of year		6,663,656	2,385,445
Cash and cash equivalents -- end of year (Note 18)		6,794,237	6,663,656

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY'S ACTIVITIES AND ORGANIZATION

The Company is a joint stock Company established on March 3, 1979 and registered under No. 39364 in the commercial register. The Central Bank of Lebanon licensed the Company as a brokerage firm under decision # 6213 dated June 28, 1996.

The Company's objective is to render brokerage and financial services in respect of stock/forex exchange transactions in Lebanon and abroad.

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

In the current year, the Company has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the company's operations and effective for annual reporting periods beginning on or after January 1, 2014. The adoption of these new and revised Standards and Interpretations did not have any significant impact on the company's financial statements.

In addition, and as of the date of authorization of these financial statements, certain Standards and Interpretations were in issue but not yet effective. Management anticipates that the adoption of these Standards and Interpretations (where applicable) in the related future periods will have no material financial impact on the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards.

The financial statements are prepared on the historical cost basis with the exception of office apartment stated at revalued amount.

The significant accounting policies adopted are set out below:

A. Accounts Receivable:

Accounts receivable are stated at their nominal value, as reduced by appropriate provision for estimated non-recoverable amounts. Provision is set up against accounts receivable when considered doubtful.

B. Foreign Currencies:

Transactions during the year, including revenues and expenses, denominated in foreign currencies are translated into Lebanese Pounds using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into Lebanese Pounds at the exchange rates prevailing at the reporting date. Resulting translation gains and losses are included in the statement of profit or loss.

C. Property and Equipment:

Office apartment is stated in the statement of financial position at revalued amounts, less accumulated depreciation and impairment in value, if any. Other property and equipment items are stated in the statement of financial position at their historical cost less accumulated depreciation and impairment loss, if any.

Depreciation is provided for over the estimated useful life of the related asset using the straight-line method based on the following annual depreciation rates:

	Depreciation Rate
	%
Office building and office renovation	2%
Furniture and fixtures	7.5-15%
Office and computer equipment	15%
General Installations	10%
Motorcycle	20%

D. Financial Instruments – Clients' Accounts:

Financial instruments clients' accounts are recognized on the trade date. They are initially measured at cost, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivatives are included as appreciation (depreciation) in the clients' accounts. Fair value is determined by reference to quoted market prices.

E. Employees' End-of Service Indemnities:

Provision for employees' end-of-service indemnities is provided for in accordance with the applicable labor law and Social Security regulations in Lebanon.

F. Financial Services Fees:

Financial services fees are recognized after the related transactions are fully accomplished.

G. Revenue and Expense Recognition:

Fees and commissions income are recognized as the related services are performed.

Interest income and expense are recognized on the accrued basis.

H. Income Tax:

Income tax expense is the tax currently payable. Income tax is determined and provided for in accordance with the tax prevailing laws.

Current Tax

Current tax payable is calculated based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the financial position date.

Interest income on cash at bank accounts in Lebanese banks is subject to withholding tax by the correspondent bank, and deducted at year end from the corporate tax liability not eligible for deferred tax benefit, and therefore, accounted for as prepayment on corporate income tax and reflected as a part of income tax provision expense.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

5. CASH AND CENTRAL BANK

This section is comprised of the following:

	December 31, 2014 LBP'000	December 31, 2013 LBP'000
Cash on hand	314	16,708
Escrow account with the Central Bank of Lebanon for capital increase	-	6,047,100
	314	6,063,808

6. BANKS AND FINANCIAL INSTITUTIONS

	December 31, 2014 LBP'000	December 31, 2013 LBP'000
Current accounts with banks	41,604	177,748
Current accounts with correspondent financial institutions	449,406	280,473
	491,010	458,221
Term placements with banks	6,302,913	141,627
	6,793,923	599,848

Maturities of term placements as at December 31:

Maturity	2014 Balance in LBP Amount LBP'000	Average Interest Rate %	Balance in F/Cy Amount LBP'000	Average Interest Rate %
First quarter 2015	5,008,338	6	1,294,575	3.5

Maturity	2013 Balance in LBP Amount LBP'000	Average Interest Rate %	Balance in F/Cy Amount LBP'000	Average Interest Rate %
First quarter 2014	104,812	6	36,815	3.5

7. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	December 31, 2014 LBP'000	December 31, 2013 LBP'000
Clients and brokers accounts	719,745	1,512,696
Doubtful clients	1,186,298	1,186,298
Provision against clients' accounts	(1,514,628)	(1,514,628)
	391,415	1,184,366

8. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets are composed of the following:

	December 31, 2014 LBP'000	December 31, 2013 LBP'000
Advances to employees	59,403	54,624
Investment in a brokerage Company	61,054	61,054
Provision for decline in investment value	(61,054)	(61,054)
Others	3,769	-
	63,172	54,624

9. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following:

	Building and Office Renovation LBP'000	Furniture and Fixtures LBP'000	Office and Computer Equipment LBP'000	General Installation LBP'000	Vehicle LBP'000	Total LBP'000
Cost/Revalued Amount:						
Balance as at December 31, 2012	1,527,847	79,165	235,383	186,717	6,010	2,035,122
Additions	383,654	-	71,712	-	-	455,366
Balance as at December 31, 2013 and 2014	1,911,501	79,165	307,095	186,717	6,010	2,490,488
Accumulated Depreciation:						
Balance as at December 31, 2012	350,111	71,031	206,339	156,970	3,201	787,652
Additions	30,557	5,937	18,850	4,035	721	60,100
Balance as at December 31, 2013	380,668	76,968	225,189	161,005	3,922	847,752
Additions	70,002	-	-	-	-	70,002
Balance as at December 31, 2014	450,670	76,968	225,189	161,005	3,922	917,754
Net Book Value:						
December 31, 2014	1,460,831	2,197	81,906	25,712	2,088	1,572,734
December 31, 2013	1,530,833	2,197	81,906	25,712	2,088	1,642,736

10. ACCRUED CHARGES AND OTHER LIABILITIES

This caption comprises the following:

	December 31, 2014 LBP'000	December 31, 2013 LBP'000
Taxes on non-residents	66,489	84,580
Withheld taxes on salaries	2,925	-
Accrued charges	212,150	216,545
Board of directors remunerations	11,462	11,462
Commission payables	2,904	14,518
Other creditors	33,919	50,878
	329,849	377,983

The Company's tax returns for the years 2010 and 2014 are still subject to review by the tax authorities. Any additional tax liability depends on the outcome of these reviews.

Income tax expense for the year 2013 amounted to LBP15.4million was computed and paid in 2014 and booked to the retained earnings.

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

Provision for employees' end-of-service-indemnity comprise the following:

	2014 LBP'000	2013 LBP'000
Balance -- Beginning of year	164,904	158,041
Additions during the year	23,328	8,131
Settlements	-	(1,268)
Balance -- End of year	188,232	164,904

12. CAPITAL

The General Assembly of shareholders held on August 30, 2013 resolved to increase the Company's capital from LBP1,452,900,000 as at December 31, 2012 to LBP7,500,000,000 through transfer of LBP1,118,900,000 from retained earnings to capital and through additional capital injection in the amount of LBP4,928,200,000.

The Company's capital as at December 31, 2014 and 2013 amounting to LBP7,500,000,000 consists of 300,000 shares of nominal value LBP25,000 each, fully paid.

The general assembly, in its extraordinary meeting held on January 25, 2007, resolved to increase the Company's capital to LBP2,000,000,000 and change its legal status from a brokerage firm to a financial institution. This resolution was raised again by the Board of Directors in the meeting held on March 21, 2012, but this decision is still not yet executed.

13. REVALUATION SURPLUS

In 1997, the Company revalued its property which was approved by the ministry of finance on March 16, 1998. The revaluation surplus amounted to LBP984million, of which an amount of LBP942million was transferred to increase the capital as approved by the extraordinary general assembly in its meeting held on June 4, 1996.

14. LEGAL RESERVE

The legal reserve is accounted for in conformity with the requirements of the Lebanese Commercial law on the basis of 10% of the yearly net income, up to one third of the Company's capital. This reserve is not available for distribution.

15. SERVICE FEES AND BROKERAGE COMMISSION - REVENUE

This caption comprises the following:

	Year Ended December 31, 2014 LBP'000	Year Ended December 31, 2013 LBP'000
Trading and commission income	1,978,845	2,747,329
Mark ups on trading	156,112	170,143
	2,134,957	2,917,472

16. COMMISSIONS AND OTHER FINANCIAL CHARGES

This caption comprises the following:

	Year Ended December 31, 2014 LBP'000	Year Ended December 31, 2013 LBP'000
Brokers commissions	410,824	682,761
Correspondents commissions	518,253	859,147
Other trading expenses	41,433	56,569
	970,510	1,598,477

Commission expense for the year 2014 includes around LBP13million incurred and paid through the general manager (LBP7million incurred and paid through the general manager in addition to LBP14million paid to one of the shareholders in 2013).

17. GENERAL AND ADMINISTRATIVE EXPENSES

This caption is composed of the following:

	Year Ended December 31, 2014 LBP'000	Year Ended December 31, 2013 LBP'000
Depreciation (Note 9)	70,002	60,100
Taxes and fiscal stamps	1,005	986
Rent and building services	27,728	25,453
Legal fees	25,878	67,983
Maintenance and repairs	44,562	33,606
Electricity and fuel	25,602	38,708
Entertainment	28,473	13,421
Audit and consultancy fees	69,330	47,591
Subscription	30,424	70,367
Other expenses	97,924	110,467
	420,928	468,682

18. CASH AND CASH EQUIVALENTS

	December 31,	
	2014	2013
	LBP'000	LBP'000
Cash on hand	314	16,708
Current account with the Central Bank of Lebanon	-	6,047,100
Current accounts with correspondents	491,010	458,221
Term placements with banks	6,302,913	141,627
Cash and cash equivalents	6,794,237	6,663,656

Term placements with banks are short term with original maturities of 90 days or less.

19. CUSTOMERS' ACCOUNTS

The Company's main activity is the provision of brokerage and financial services to third parties. In return it earns commissions in consideration of its services. To render such services to clients the Company holds client bank accounts, custody and brokerage accounts with correspondent banks and financial institutions. Securities or other financial instruments held at such accounts, by the Company on behalf of the clients, are accounted for at historical nominal values in an off-balance sheet accounts as follows:

	December 31,	
	2014	2013
	LBP'000	LBP'000
Cash on hand	60,133	117,946
Investments and current accounts with banks and financial institutions	35,779,664	32,933,056
Nominal value of credit balance with omnibus accounts (b)	106,986	493,991
	35,946,783	33,544,993
Due to banks and financial institutions	8,283,922	5,687,164
Difference of exchange	95,223	24,639
Customers portfolio – omnibus account (a)	27,567,638	27,833,190
	35,946,783	33,544,993
Total customers' accounts at fair value	11,804,631	32,541,467

(a) Customers' accounts are commingled in a single cash pool account and basket of financial instruments.

All future contracts outstanding at year end 2014 under customers portfolio mature during the first quarter of 2015 (future contracts outstanding at year end 2013 under customers portfolio mature during the first quarter of 2014).

For stock trading the Company's clients mainly apply contract for difference (CFD), such a contract is an equity derivative that allows investors to speculate on share price movements, without the need for ownership of the underlying shares, hence allowing investors to take long or short positions.

Client's accounts include an aggregate net asset value balance of around LBP1.04billion relating to board members and related parties as at December 31, 2014 (LBP2.3billion in 2013) including accounts with proxy to management.

(b) This caption represents the aggregate nominal value of customers with a corresponding amount reflected in its fair value in a separate caption under liabilities, in the Company's own accounts. These customers' positions were negative at year end and hands liable to the Company. An LBP1.5billion provision for doubtful receivables were allocated to them as at December 31, 2014 (refer to Note 7).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

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

Financial instruments are reflected in the financial statements according to their classifications, in accordance with IFRS 9.

(b) Credit Risk:

This risk is mainly associated to the Company's bank balances and receivables balances. Cash balances are mentioned with counterparty with good rating. Balances under assets are reflected at their net realizable value by the Company according to previous experience and current economic situation.

(c) Market Risk:

Market risk includes currency risk and interest rate risk:

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange notes.

The Company is not exposed to currency risk since most of its assets and liabilities are denominated in U.S. Dollars and in Lebanese Pounds.

Interest Rate Risk

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its interest generating assets.

(d) Liquidity Risk

Liquidity risk is the risk that a company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity approach, maintaining a healthy balance of cash, cash equivalents.

(e) Capital Risk Management

The Company manages its capital to ensure the Company's ability to continue as a going concern, while maximizing the return through the optimization of the debt and equity balance.

The Company manages the capital structure and makes the necessary revisions, in light of changes in the economics of the business and the market conditions, and the risk characteristics of operations and underlying assets. The Company's overall strategy remains unchanged from 2014.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2014 were approved for issuance on May 20 by the General Manager.