

17. MIDCLEAR AND MONEY EXCHANGE

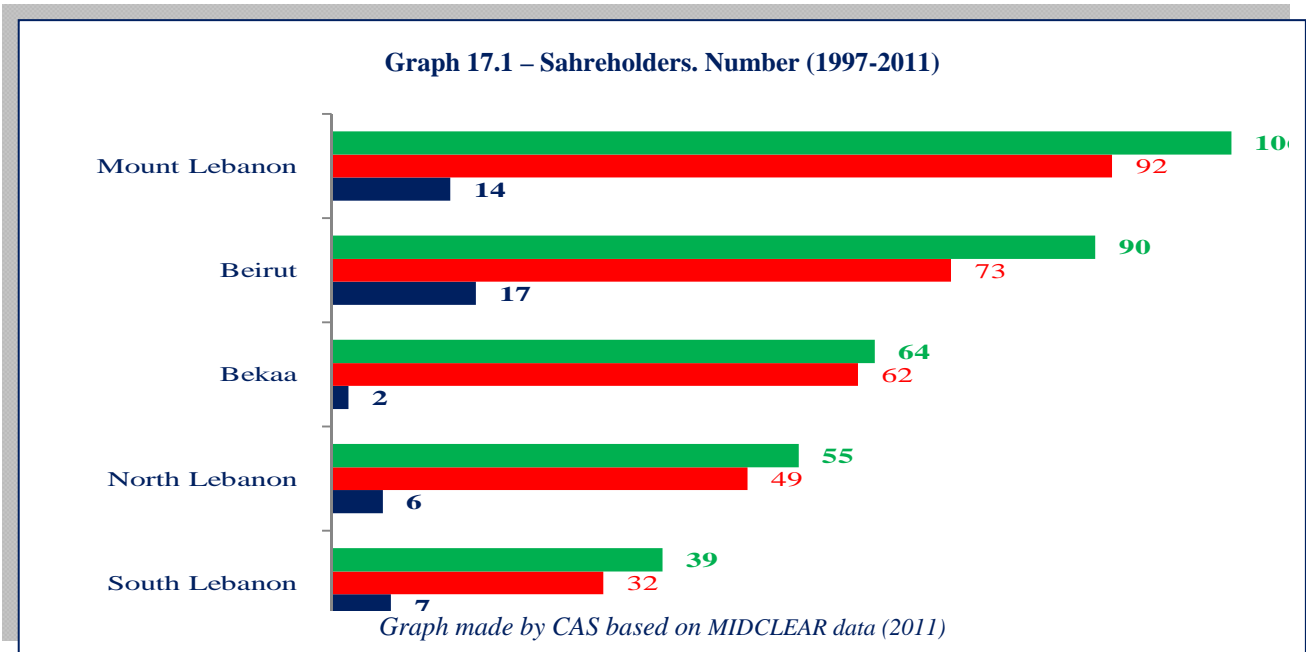
MIDCLEAR and money exchange in Lebanon deals with bonds and with money exchangers in Lebanon by category.

MIDCLEAR

The Central Bank of Lebanon established in June 1994 in Beirut, the Custodian and Clearing Center of financial instruments for Lebanon and the Middle East (MIDCLEAR S.A.L.). The aim was to develop the Lebanese financial market. MIDCLEAR provides investors with a variety of depository and clearing services which confirm to international standards recommended by the Group of Thirty (www.midclear.com.lb).

MIDCLEAR activity in 2011:

- Members: 119 members (increase of 183.3% compared to 1997).
- Companies: 133 companies (increase of 4,333% compared to 1997).
- Shareholders: 25,378 shareholders (increase of 882.5% compared to 1997).



Traded and cleared bonds through MIDCLEAR in 2011:

- Value: 515,372,688 USD (decrease of 19.5% compared to 1997).
- Value cleared: 1,030,745,376 USD (decrease of 19.5% compared to 1997).
- Management of Registrars. Market Value of Shares: 14,456,917,037 USD (increase of 7,121% compared to 1997).

MIDCLEAR total assets under custody:

- December 2011: 29.5 billion USD.
- December 2005: 16.7 billion USD.
- December 2011 compared to December 2005: increase of 77.1%.

MIDCLEAR balance sheet

MIDCLEAR balance sheet consists of total assets and total equity and liabilities.

Table 17.1 – Balance Sheet. LBP

| Category | 2001 | 2011 | Change (2011/2001). % |
|-------------------------------------|----------------------|-----------------------|------------------------------|
| Total assets | 3,080,608,594 | 28,938,275,514 | 839.4 |
| Non-current assets | 323,277,907 | 9,721,609,856 | 2,907 |
| Current assets | 265,038,492 | 19,216,665,658 | 7,151 |
| Total equity and liabilities | 3,080,608,594 | 28,938,275,514 | 839.4 |
| Total equity | 2,618,150,029 | 26,669,398,476 | 918.6 |
| Non-current liabilities | 84,294,375 | 1,215,521,437 | 1,342 |
| Current liabilities | 104,390,333 | 1,053,355,601 | 909.1 |

Table made by CAS based on MIDCLEAR data (2011)

MIDCLEAR Income statement

MIDCLEAR income statement consists of gross profits and net profit for the year.

Table 17.2 – Income statement. LBP

| Category | 2001 | 2011 | Change (2011/2001). % |
|---------------------------------|----------------------|----------------------|------------------------------|
| <i>Gross profit</i> | <i>1,046,753,521</i> | <i>6,893,720,481</i> | <i>558.6</i> |
| Profit from operation | 121,344,880 | 4,701,916,031 | 3,775 |
| <i>Profit before income tax</i> | <i>340,445,762</i> | <i>4,701,916,031</i> | <i>1,281</i> |
| Net profit for the year | 321,695,762 | 4,036,885,861 | 1,155 |

Table made by CAS based on MIDCLEAR data (2011)

MIDCLEAR Statement of Cash Flows

MIDCLEAR statement of cash flows consists of operating profit, net cash, and dividends.

Table 17.3 – Statement of cash flows. LBP

| Category | 2001 | 2011 | Change (2011/2001). % |
|---|---------------------|------------------------|------------------------------|
| <i>Operating profit before working capital changes</i> | <i>441,564,421</i> | <i>5,151,614,059</i> | <i>1,067</i> |
| <i>Net cash from operations</i> | <i>410,216,181</i> | <i>5,131,140,854</i> | <i>1,151</i> |
| <i>Net cash from operating activities</i> | <i>409,528,495</i> | <i>4,359,912,854</i> | <i>964.6</i> |
| <i>Net cash used in investing activities</i> | <i>(61,881,239)</i> | <i>(1,019,270,846)</i> | <i>1547</i> |
| <i>Dividends paid</i> | <i>0</i> | <i>(500,697,400)</i> | |
| Increase/Decrease in cash and cash equivalents at the beginning of the year | 347,647,256 | 2,839,944,608 | 716.9 |
| Cash and cash equivalents at the end of the year | 2,492,292,195 | 17,992,168,181 | 621.9 |

Table made by CAS based on MIDCLEAR data (2011)

Money exchange by Mohafazat

Law 347/87 divided the money exchange establishments into two categories:

- Category A: buying and selling foreign currencies in exchange of any other foreign currency or the LBP even if it was a bank note or a coin; buying and selling metallic ingots, conversions, cheques and Travellers Cheques. The capital is equal to 250,000,000 LBP.
- Category: buying and selling foreign currencies in exchange of any other foreign currency or the LBP even if it was a bank note or a coin; buying and selling metallic ingots, golden ingots below 1,000 conversions, cheques and Travellers Cheques within a cap defined by the Central Bank of Lebanon. The capital is equal to 100,000,000 LBP.

Money exchange establishments number in 2011: 354 establishments.

- Peak Mohafazat: Mount-Lebanon (29.9%).
- Category A: 13.0% of establishments.
- Category B: 87.0% of establishments.

Graph 17.2 – Money exchange by Mohafazat. Number in 2011

