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REVIEW REPORT

To the Board of Directors
The Lebanese Company for the Development
and Reconstruction of Beirut Central District S.A.L.
Beirut, Lebanon

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of the Lebanese Company for the Development and Reconstruction of Beirut Central District S.A.L. and its Subsidiaries (the Group), as at June 30, 2020 and the related interim condensed statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Group holds balances with banks in Lebanon amounting to USD182million as at June 30, 2020 which represent 8% of the Group's total assets. As at June 30, 2020 the Group has provided for allowance for credit losses against these balances to the extent of USD12.8million. As stated in Note 4 of the accompanying financial statements, it is not possible to determine the future effects that the restructuring plan and the economic crisis could have on the recoverable amount of these assets. The accompanying condensed interim consolidated financial statements do not include adjustments that could result from the resolution of these uncertainties.

Qualified Conclusion

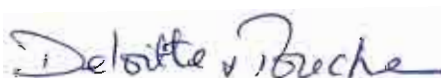
Based on our review, with the exception of the matter described in the preceding paragraph , nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter


We draw attention to Note 20.b of the condensed interim consolidated financial statements, which describes uncertainty related to the outcome of the claim filed by one of the property owners.

Our conclusion is not modified in respect of this matter.

Beirut, Lebanon
December 14, 2020



Deloitte & Touche



Ernst & Young

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

<u>ASSETS</u>	<u>Notes</u>	(Unaudited) <u>June 30,</u> <u>2020</u> US\$	<u>December 31,</u> <u>2019</u> US\$
Cash and banks balances	6	186,975,407	20,445,725
Prepayments and other debit balances		12,360,129	18,680,609
Accounts and notes receivables	7	65,541,541	129,936,268
Investment in asset-backed securities	8	8,699,707	8,699,707
Inventory of land and projects in progress		978,903,995	1,110,548,888
Investment properties, net		568,447,182	565,177,583
Investments in associates and joint ventures	9	343,574,067	351,151,080
Fixed assets, net		<u>43,699,419</u>	<u>45,076,310</u>
Total Assets		<u>2,208,201,447</u>	<u>2,249,716,170</u>
<u>LIABILITIES</u>			
Bank overdrafts and short-term facilities	10	137,245	48,958,855
Accounts payable and other liabilities		109,646,509	109,424,861
Dividends payable		58,185,965	59,014,963
Deferred revenues and other credit balances	11	158,415,375	44,563,992
Term bank loans	12	<u>11,499,972</u>	<u>155,481,298</u>
Total Liabilities		<u>337,885,066</u>	<u>417,443,969</u>
<u>EQUITY</u>			
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		170,475,527	170,475,527
Retained earnings		49,906,155	11,840,097
Cumulative foreign currency translation reserve		(28,083)	(28,423)
Less: Treasury shares		<u>(37,218)</u>	<u>(15,000)</u>
Total Equity		<u>1,870,316,381</u>	<u>1,832,272,201</u>
Total Liabilities and Equity		<u>2,208,201,447</u>	<u>2,249,716,170</u>

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

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

	Notes	(Unaudited)	
		Six-Month Period	
		Ended June 30,	
		2020	2019
		US\$	US\$
Revenues from land sales		228,747,400	151,055,600
Revenues from rented properties		12,537,358	27,218,755
Revenues from rendered services		3,808,733	3,924,827
Total revenues		<u>245,093,491</u>	<u>182,199,182</u>
Cost of land sales		(139,129,796)	(67,719,862)
Depreciation of and charges on rented properties		(11,532,525)	(10,414,213)
Cost of rendered services		(2,908,694)	(2,706,896)
Loss on cancellation of previously recognized sales, net		(3,439,818)	-
Total cost of revenues		<u>(157,010,833)</u>	<u>(80,840,971)</u>
Gain on sale and disposal of investment properties, net		4,369,670	105,457
Net revenues from operations		92,452,328	101,463,668
Share results of associates and joint ventures	9	(7,553,056)	(16,491,185)
General and administrative expenses		(12,671,496)	(12,543,541)
Selling expenses		(3,954,618)	-
Depreciation of fixed assets		(1,439,601)	(1,299,773)
Write-off of receivables	7	(175,761)	(83,676)
Loss on rescheduled receivables		(82,138)	(1,378,390)
(Provision for)/write-back on impairment of financial assets, net	14	(17,607,506)	869,325
Provision for contingencies		-	(500,000)
Write-back on impairment of fixed assets		187	7,173
Other expense		(500,000)	(2,929)
Other income		86,898	242,841
Taxes, fees and stamps		(919,570)	(237,588)
Discount from early settlement of bank loans	12	8,782,041	-
Interest income		238,141	733,104
Interest expense		(3,357,926)	(15,665,445)
Loss on exchange, net		(1,507,505)	(34,403)
Profit before tax		51,790,418	55,079,181
Income tax expense		(13,724,360)	(12,937,867)
Profit for the period		<u>38,066,058</u>	<u>42,141,314</u>
Basic/diluted earnings per share	13	<u>0.23</u>	<u>0.26</u>
Attributable to:			
Equity owners of the Group		<u>38,066,058</u>	<u>42,141,314</u>
Profit for the period		<u>38,066,058</u>	<u>42,141,314</u>

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

**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**

	<u>Notes</u>	(Unaudited) Six-Month Period Ended June 30,	
		<u>2020</u>	<u>2019</u>
		US\$	US\$
Profit for the period		38,066,058	42,141,314
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		340	1,976
Other comprehensive income for the period		340	1,976
Total comprehensive profit for the period		<u>38,066,398</u>	<u>42,143,290</u>
Attributable to:			
Equity owners of the Group		<u>38,066,398</u>	<u>42,143,290</u>
		<u>38,066,398</u>	<u>42,143,290</u>

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

**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>Treasury Shares</u> US\$	<u>Total</u> US\$
Balance at January 1, 2019	1,650,000,000	170,474,545	(37,126,676)	(24,653)	-	1,783,323,216
Total comprehensive income for the period	-	-	42,141,314	1,976	-	42,143,290
Treasury shares	-	-	-	-	(15,000)	(15,000)
Balance as at June 30, 2019 (Unaudited)	<u>1,650,000,000</u>	<u>170,474,545</u>	<u>5,014,638</u>	<u>(22,677)</u>	<u>(15,000)</u>	<u>1,825,451,506</u>
Balance at January 1, 2020	1,650,000,000	170,475,527	11,840,097	(28,423)	(15,000)	1,832,272,201
Total comprehensive income for the period	-	-	38,066,058	340	-	38,066,398
Treasury shares purchase	-	-	-	-	(22,218)	(22,218)
Balance as at June 30, 2020 (Unaudited)	<u>1,650,000,000</u>	<u>170,475,527</u>	<u>49,906,155</u>	<u>(28,083)</u>	<u>(37,218)</u>	<u>1,870,316,381</u>

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

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

	Notes	(Unaudited) Six-Month Period Ended June 30,	
		2020	2019
		US\$	US\$
Cash flows from operating activities:			
Profit for the period before income tax		51,790,418	55,079,181
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	15(a)	8,211,706	8,210,252
Loss on cancellation of previously recognized sales, net		1,828,125	-
Gain on sale and disposal of investment properties		(4,369,670)	(105,457)
Loss on sale of fixed asset		-	2,895
Provision for end-of-service net indemnity and other charges, net		855,402	623,496
Provision for contingencies		-	500,000
Write-back of provision for impairment of fixed assets		(187)	(7,173)
Provision for/(write-back on) impairment of financial assets, net	14	17,607,506	(869,325)
Write-off of receivables	7	175,761	83,676
Loss on rescheduled receivables		82,138	1,378,390
Share results of associates and joint ventures	9	7,553,056	16,491,185
Discount from early settlement of bank loans		(8,782,041)	-
Interest income		(238,141)	(733,104)
Interest expense	15(b)	3,357,926	15,665,445
Changes in working capital:			
Prepayments and other debit balances		112,368	27,460,158
Accounts and notes receivable		34,409,308	32,100,260
Inventory of land and projects in progress		131,644,893	50,511,876
Accounts payable and other liabilities		(6,562,144)	(846,885)
Deferred revenues and other credit balances		113,851,383	18,048,130
Settlements of end-of-service net indemnity and other charges, (net)		(153,649)	(1,465,148)
Settlements of contingencies		(1,765,116)	(4,562,493)
Interest received		238,141	684,169
Taxes paid		(5,963,455)	(9,273,353)
Net cash generated from operating activities		<u>343,883,728</u>	<u>208,976,175</u>
Cash flows from investing activities:			
Investment in asset-backed securities		-	6,399,670
Acquisition of fixed assets		(62,710)	(326,693)
Acquisition of investment properties		(1,558,298)	(3,097,303)
Proceeds from sale of investment properties		17,386,264	1,282,400
Proceeds from sale of fixed assets		187	4,278
Investments in associates and joint ventures		24,298	(24,296)
Net cash generated from investing activities		<u>15,789,741</u>	<u>4,238,056</u>
Cash flows from financing activities:			
Term bank loans		(135,199,285)	(147,000,778)
Dividends paid		(828,998)	(248,818)
Interest paid		(3,271,676)	(16,001,028)
Treasury shares purchase		(22,218)	(15,000)
Short term facilities		(30,000,000)	(32,913,554)
Net cash used in financing activities		<u>(169,322,177)</u>	<u>(196,179,178)</u>
Net change in cash and cash equivalents		190,351,292	17,035,053
Cash and cash equivalents- Beginning of the period	15(e)	9,323,559	(31,958,605)
Cash and cash equivalents- End of the period	15(e)	<u>199,674,851</u>	<u>(14,923,552)</u>

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