

MIDI p.l.c.
Condensed Consolidated Interim Financial Information
30 June 2013

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Interim Directors' Report pursuant to Listing Rule 5.75.2

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act, 2005. The consolidated interim financial information included in this report has been extracted from MIDI p.l.c.'s unaudited consolidated financial information for the six months ended 30 June 2013 prepared in accordance with IAS 34 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5, this interim report has not been audited or reviewed by the Group's independent auditors.

Principal Activity

The principal activity of the Group is the development of the Manoel Island and Tigné Point Project.

Important Events

In preparing this Report the Directors have taken regard of the material events and transactions for the period ended 30 June 2013 ("the Relevant Period"), and their impact on the condensed set of financial statements, together with the principal risks and uncertainties for the remaining six months ending 31 December 2013.

Works at Tigné Point resumed on the T17 East Block in February 2013. Works on this phase are progressing according to plans and this next phase of the development is set to be launched in Q4 2013 with delivery of apartments targeted to commence in Q1 2015.

During the Relevant Period, the Company realised its investment in Tigné Mall plc (C35139) ("TM"), the operator of "The Point" shopping mall at Tigné Point. Pursuant to an Initial Public Offering by the latter, the Company and Tigné Contracting Limited (a wholly owned subsidiary of the Company) offered their entire shareholding in the formerly wholly owned subsidiary, resulting in the release of substantial capital (*circa €20.9million*) back into the Company, which was utilised in large part to significantly lower the Company's bank borrowings. Following such a transaction which materialised on 2 May 2013, the Group's consolidated borrowings have decreased by €48 million, partly due to the aforementioned reduction in bank borrowings, but primarily as a result of TML's borrowings no longer being consolidated as part of the Group's borrowings. Revenue from the Group's rental operations decreased to €2.2 million [2012: €2.7 million] with operating profit from the same operations also decreasing to €1.6 million [2012: €1.9 million]. These figures include TM's financial results for the four-month period ended 30 April 2013. The Board had recommended this disposal to its Shareholders as part of the Company's strategy to focus on its core objectives of developing residential and commercial property at Tigné Point and Manoel Island.

In the coming months the Company will continue with its efforts of optimising its assets as well as rationalising and rendering more efficient its level of operations. In this regard the Board will consider all sensible proposals including the creation of joint ventures as well as the setting up of partnerships. The development of Manoel Island presents an excellent opportunity for MIDI to review the extent and quality of the project in the light of today's market sentiment, needs, expectations and standards. Indeed the involvement of new investors or partners will also be evaluated on the basis that this would be to the benefit of MIDI shareholders.

Review of Financial Performance

The condensed interim financial information reflects the results for the six months ended 30 June 2013 of MIDI plc and its subsidiaries together with the Group's share of results of its joint venture. Despite the persistence of the euro zone crisis which has presented challenges to the property sector in the local market, the demand for MIDI's residential and commercial properties has maintained projected levels.

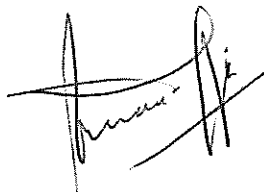
As a result of the severe delays in the issue of full development permits re Tigné North, the Company was unable to maintain the necessary momentum in development. Consequently and in line with the Company's projections, Group post-tax financial results for the Relevant Period reflect a loss of €1.7 million [2012: €1.05 million loss], and the Group is expecting an operational loss for the 2013 financial year. Nevertheless the Board is satisfied that the Company has strong foundations on which to pursue the upcoming phases within the required time frames in order to generate and increase shareholder value.

The Directors feel that apart from what has been indicated in this Report, there are no specific risks and uncertainties that are expected to have a significant impact on the financial results of the Group for the forthcoming six-month period and its financial position as at 31 December 2013.

Related Party Transactions

MIDI plc and its subsidiaries enter into related party transactions in the ordinary course of their activities. Related party transactions are reviewed and approved by the Audit Committee on a regular basis. All related party transactions pertaining to the six-month period ended 30 June 2013 have been disclosed in Note 6 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board



Albert Mizzi
Chairman



Joseph A. Gasan
Director

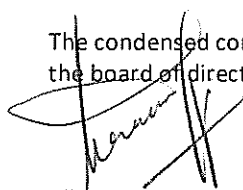
26 August 2013

Company Secretary: Darren Azzopardi
Registered Office: North Shore, Manoel Island, Gzira, Malta
Telephone Number: (+356) 2065 5500
Company Registration N^o: C 15836

Condensed consolidated statement of financial position

	as at 30 June 2013 (unaudited) €	as at 31 December 2012 (audited) €
ASSETS		
Non-current assets		
Property, plant and equipment	927,765	58,762,096
Investment property	30,320,558	30,319,170
Other non-current assets	1,372,794	1,868,516
Total non-current assets	32,621,117	90,949,782
Current assets		
Inventories - Development project	127,527,701	126,538,354
Other current assets	15,575,596	14,659,296
Total current assets	143,103,297	141,197,650
Total assets	175,724,414	232,147,432
EQUITY		
Capital and reserves	62,244,906	64,078,519
LIABILITIES		
Non-current liabilities		
Trade and other payables	23,303,116	25,529,660
Borrowings	49,554,032	83,801,431
Other non-current liabilities	1,209,603	3,007,635
Total non-current liabilities	74,066,751	112,338,726
Current liabilities		
Trade and other payables	38,728,976	41,063,541
Borrowings	682,255	14,358,672
Other current liabilities	1,526	307,974
Total current liabilities	39,412,757	55,730,187
Total liabilities	113,479,508	168,068,913
Total equity and liabilities	175,724,414	232,147,432

The condensed consolidated interim financial information on pages 3 to 14 was authorised for issue by the board of directors on 26 August 2013 and was signed on its behalf by:


Albert Mizzi
Chairman


Joseph A. Gasan
Director

Condensed consolidated income statement

	Six Months Ended 30 June	
	2013 (unaudited) €	2012 (unaudited) €
Continuing operations:		
Revenue	4,132,416	2,778,280
Gross profit	425,830	709,811
Operating loss	(447,439)	(82,790)
Net finance costs	(1,451,157)	(1,439,097)
Share of loss of joint venture	-	(132,846)
Loss before tax	(1,898,596)	(1,654,733)
Tax income	368,877	515,874
Loss for the period from continuing operations	(1,529,719)	(1,138,859)
Discontinued operations:		
(Loss)/profit for the year from discontinued operations	(167,356)	91,698
Loss for the period	(1,697,075)	(1,047,161)
Earnings per share for loss from continuing operations (Euro Cents)	(1.0)	(1.0)
Earnings per share for result from discontinued operations (Euro Cents)	(0.08)	0.04

Condensed consolidated statement of comprehensive income

	2013 (unaudited) €	2012 (unaudited) €
Loss for the period	(1,697,075)	(1,047,161)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges, net of deferred tax	(144,583)	21,560
Gains from changes in fair value of available-for-sale financial assets	8,045	-
Total comprehensive income for the period	(1,833,613)	(1,025,601)

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Hedging reserve €	Property revaluation reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2013	42,831,984	15,878,784	(6,968)	1,062,209	16,869	4,295,641	64,078,519
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,697,075)	(1,697,075)
Other comprehensive income:							
Cash flow hedges, net of deferred tax	-	-	(144,583)	-	-	-	(144,583)
Gains from changes in fair value of available-for-sale financial assets	-	-	-	-	8,045	-	8,045
Realisation of reserve upon disposal of subsidiary	-	-	-	(1,062,209)	-	1,062,209	-
Total other comprehensive income	-	-	(144,583)	(1,062,209)	8,045	1,062,209	(136,538)
Total comprehensive income	-	-	(144,583)	(1,062,209)	8,045	(634,866)	(1,833,613)
Balance at 30 June 2013	42,831,984	15,878,784	(151,551)	-	24,914	3,660,775	62,244,906
Balance at 1 January 2012	42,831,984	15,878,784	(34,226)	-	8,460	6,182,530	64,867,532
Comprehensive income							
Profit for the period	-	-	-	-	-	(1,047,161)	(1,047,161)
Other comprehensive income:							
Cash flow hedges, net of deferred tax	-	-	21,560	-	-	-	21,560
Total other comprehensive income	-	-	21,560	-	-	-	21,560
Total comprehensive income	-	-	21,560	-	-	(1,047,161)	(1,025,601)
Balance at 30 June 2012	42,831,984	15,878,784	(12,666)	-	8,460	5,135,369	63,841,931

Condensed consolidated statement of cash flows

	Six Months Ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	€	€
Net cash (used in)/from operating activities	(3,340,903)	(2,647,885)
Net cash from investing activities	17,564,963	807,939
Net cash from/(used in) financing activities	(11,946,909)	2,383,104
Net movement in cash and cash equivalents	<u>2,277,151</u>	<u>543,158</u>
Cash and cash equivalents at beginning of period	2,040,183	2,320,506
Cash and cash equivalents at end of period	<u>4,317,334</u>	<u>2,863,664</u>

Notes to the condensed consolidated interim financial information

1. General information

MIDI p.l.c. is a public limited liability company with its principal activity being the development of the Manoel Island and Tigné Point Project. During the interim period under review, the Group proceeded with the development of the Tigné North area and continued with the delivery of residential units.

This condensed consolidated interim financial information has not been audited in accordance with the requirements of International Standards on Auditing and has not been reviewed in accordance with the requirements of ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2. Basis of preparation

The condensed consolidated interim financial information includes the Financial Statements of MIDI p.l.c. and its subsidiaries. The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs as adopted by the EU.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2013

In 2013, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2013. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies.

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated loss for the period amounting to €1,697,075 (2012: €1,047,161) during the period-ended 30 June 2013. The Group's total assets exceeded its total liabilities by €62,244,906 (2012: €64,078,519) as at 30 June 2013.

The Group has been reviewing its financing arrangements to ensure that it is in a position to meet its operational and cash flow commitments subsequent to 30 June 2013.

MIDI Group continued to review its funding strategy in the context of the timing of the different development stages of the Tigné Point and Manoel Island project to sustain its long-term development plans. The Group's liquidity and capital management programmes comprise: i) monitoring the feasibility of the different project phases based on net cash inflows and income streams; ii) reviewing the sustainability of the carrying amount of assets allocated to the respective phases; and iii) assessing the appropriate funding mix to be applied to each phase. The outcome of the review of the Group's funding programmes in the longer-term could potentially result in changes to the existing or projected use of the asset base pertaining to the different phases of the Tigné Point and Manoel Island project to leverage the underlying cash flow streams.

Notes to the condensed consolidated interim financial information - continued

2. Basis of preparation - continued

As part of this review, on 22 March 2013 MIDI p.l.c. announced the sale of the Group's shareholding in its subsidiary Tigné Mall Limited (Tigné Mall p.l.c. with effect from 1 March 2013 subsequent to conversion into public limited liability company), which is the company that owns and operates 'The Point' shopping mall (refer to Note 7). The activity of this subsidiary is treated as a discontinued operation in MIDI p.l.c.'s consolidated interim financial information in accordance with the requirements of IFRS 5. The disposal of this shareholding released significant financial capital, amounting to €20.9 million, back into MIDI and strengthened the Company's financial capabilities to enable it to fulfill its current plans. MIDI reduced its aggregate borrowings in order to be in a position to raise additional financing for the development of both T17 residential phases. The Group has strengthened its position to deliver on its principal activity i.e. that of development and sale of residential and commercial property at Tigné Point and Manoel Island.

The Group's projected equity levels are also being assessed in the context of the future project phases, focusing on the relationship between the amount of borrowings and shareholders' equity.

Accordingly, the Directors continue to adopt the going concern assumption in the preparation of the consolidated condensed interim financial information. In the opinion of the Directors, taking cognisance of the short-term funding arrangements together with the Group's long-term liquidity and capital management programmes, there is no material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors, which reports are utilised to make strategic decisions. The Group has two operating segments:

- a. development and sale of property, which comprises primarily the construction and sale of residential units within the Tigné Point and Manoel Island Project; and
- b. property rental and management, which subsequent to the disposal of Tigné Mall p.l.c. mainly involves the lease of the Pjazza retail outlets and the clubhouse. The management and lease of retail space within 'The Point' shopping mall, included within this segment, ceased at the end of April 2013, following the sale of the Group's entire shareholding in Tigné Mall p.l.c. and is treated as a discontinued operation.

The board of directors assesses the performance of the segments on the basis of segment operating results, before financing costs and tax impacts. The financial information for the reportable segments in relation to the six-month periods ended 30 June 2013 and 2012 is as follows:

Notes to the condensed consolidated interim financial information - continued

3. Segment information - continued

	Development and sale of property €	Property rental and management €	Group €
Six months ended 30 June 2013			
Segment revenue	3,484,049	2,159,998	5,644,047
Segment result - operating profit	(1,406,397)	1,582,392	175,995
Six months ended 30 June 2012			
Segment revenue	2,224,750	2,771,580	4,996,330
Segment result - operating profit	(764,507)	1,882,743	1,118,236

The amounts disclosed in the table above in relation to the Property rental and management segment which are attributable to the discontinued operation as a result of the disposal of the subsidiary comprise segment revenue of €1,511,631 (2012: €2,218,050) and segment result of €909,070 (2012: €1,201,026).

4. Borrowings

The decrease in aggregate borrowings of €47,923,816 was the result of the fact that Tigné Mall p.l.c.'s borrowings are no longer consolidated within MIDI p.l.c.'s financial statements and is also attributable to repayment of bank borrowings effected out of proceeds of disposal of the subsidiary (refer to Note 7).

5. Earnings per share

Earnings per share is calculated by dividing the results attributable to equity holders of the Company from continuing and discontinued operations respectively by the weighted average number of ordinary shares of MIDI p.l.c. in issue. During both six month periods ended 30 June 2013 and 2012, the weighted average number of shares in issue amounted to 214,159,922.

Notes to the condensed consolidated interim financial information - continued

6. Related party transactions

All companies forming part of the respective groups of which Alf. Mizzi & Sons Ltd., Bank of Valletta p.l.c., Gatt Investments Limited, Gee Five Limited, Fortress Developments Limited, MSV Life p.l.c., Polidano Brothers Limited, Vassallo Builders Group Limited and Lombard Bank Malta p.l.c. form part, together with First Gemini p.l.c., are considered by the Directors to be related parties by virtue of the shareholding of the companies referred to in MIDI p.l.c.. Accordingly, all entities owned, controlled or significantly influenced by the Group's ultimate shareholders, the parent company's directors and close members of their families together with all entities owned, controlled or significantly influenced by these individuals are the principal related parties of the Group. MIDI p.l.c. has an interest in a jointly controlled entity, Solutions & Infrastructure Services Limited (SIS), which is also considered a related party.

The principal transactions carried out with related parties were as follows:

i) Purchase of goods and services

During the six-month period ended 30 June 2013, the Group purchased services from related parties for the amount of €427,188 (period ended 30 June 2012: €902,832). Purchases effected by Tigné Mall p.l.c. from related parties during the period January to April 2013 amounted to €144,017. In addition the Group incurred expenditure amounting to €421,943 from related parties in relation to the Tigné Mall p.l.c. Combined Offer, €259,714 of which was incurred by Tigné Mall p.l.c..

ii) Sale of apartments

As at 30 June 2013, the Group had no deposits on promise of sale agreements with related parties (31 December 2012: €86,450) and hence, the gross value of contracts relating to these promise of sale agreements was nil (31 December 2012: €432,250). During the interim period under review and the comparative interim period, no apartment sales to related parties were finalised in the form of final public deeds.

iii) Operating lease arrangements

The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2013 amounted to €152,356 (period ended 30 June 2012: €291,621). Rental income generated by Tigné Mall p.l.c. from related parties during the period January to April 2013 amounted to €92,359.

iv) Bank loans

As at 30 June 2013 the Group has banking facilities of €9,268,820 (31 December 2012: €53,489,704) sanctioned by related parties. The banking facilities of MIDI p.l.c. as at 30 June 2013 which are sanctioned by related parties amount to €9,268,820 (31 December 2012: €19,958,145). The interest charged on loans from related parties during the six-month period ended 30 June 2013 amounted to €487,774 (period ended 30 June 2012: €1,256,434), of which €128,492 were incurred by Tigné Mall p.l.c.

v) Other borrowings from shareholders

As at 30 June 2013 the Group had no borrowings from shareholders. At 31 December 2012 an amount of €3,000,000 was due by Tigné Mall p.l.c. Interest charged on these borrowings during the six-month period ended 30 June 2013 amounted to €17,260 (period ended 30 June 2012: €33,370).

vi) Deposits with banks

Outstanding bank deposits placed with related parties as at 30 June 2013 amounted to €9,433,460 (31 December 2012: €2,459,776). The interest income earned on deposits with related parties during the six-month period ended 30 June 2013 amounted to €20,206 (period ended 30 June 2012: €1,611).

Notes to the condensed consolidated interim financial information - continued

6. Related party transactions - continued

vii) Holdings of bonds issued by MIDI p.l.c.

	Face value of bonds held at		Interest payable during the six months ended	
	30 June 2013	31 December 2012	30 June 2013	30 June 2012
	€	€	€	€
Shareholders	-	-	-	-
Directors and other officers of the company, together with close family members of these individuals	34,998	106,760	1,322	4,440
Other related parties	302,800	732,800	11,440	27,750
Held by related parties as nominees in the ordinary course of their business	2,815,364	2,541,101	106,363	96,134

The Group has also entered into a cross currency interest rate swap agreement, reflecting a derivative asset of €513,840 as at 30 June 2013 (31 December 2012: €1,151,647), with a financial institution which is a related party.

The transactions, undertaken with related parties, disclosed above were carried on commercial terms in the normal course of business and are subject to scrutiny by the Audit Committee.

Balances with related parties outstanding as at end of the reporting period, excluding bank loans, other borrowings and bank deposits, were as follows:

	As at 30 June 2013	As at 31 December 2012
	€	€
Amounts owed to related parties	(1,304,966)	(1,901,431)
Outstanding deposits effected under operating lease arrangements	(35,000)	(137,778)
Amounts owed by related parties	1,044,861	839,748
Amounts owed by joint venture	1,830,785	1,763,145

Notes to the condensed consolidated interim financial information - continued

7. Disposal of Group's shareholding in Tigné Mall p.l.c.

On 2 May 2013, MIDI p.l.c. and its wholly owned subsidiary Tigné Contracting Limited effectively disposed of 42,400,000 ordinary shares with a nominal value of €0.50 held in Tigné Mall Limited (Tigné Mall p.l.c. with effect from 1 March 2013 subsequent to conversion into public limited liability company), which is accordingly no longer a subsidiary undertaking with effect from the date mentioned.

The disposal of shares by MIDI Group resulted in an aggregate consideration of €21,200,000, and generated a cash surplus, net of expenses, amounting to €20,919,589. MSV Life p.l.c., a shareholder of MIDI p.l.c., invested €10,000,000 in Tigné Mall p.l.c., with the balance being taken up principally by other institutional investors. This divestment gave rise, upon disposal, to a loss of €285,636 within the profit or loss in the consolidated interim financial information for the period ended 30 June 2013 mainly in view of disposal costs. A gain on disposal of €913,694 was realised and reflected in profit and loss in MIDI p.l.c's stand-alone financial information for the period ended 30 June 2013.

Assets and liabilities as at 30 April 2013 and 31 December 2012 which were attributable to Tigné Mall p.l.c. are disclosed in the table below:

	As at 30 April 2013 (unaudited) €	As at 31 December 2012 (audited) €
ASSETS		
Non-current assets		
Property, plant and equipment	57,384,678	57,818,084
Current assets		
Trade and other receivables	4,669,880	4,913,135
Cash and cash equivalents	413,864	131,821
	5,083,744	5,044,956
Total assets	62,468,422	62,863,040
LIABILITIES		
Non-current liabilities		
Trade and other payables	902,287	890,787
Borrowings	33,531,779	33,531,779
Deferred tax liabilities	1,432,023	1,340,680
	35,866,089	35,763,246
Current liabilities		
Trade and other payables	1,823,963	2,751,146
Borrowings	2,999,999	2,999,999
Current tax liabilities	573,645	307,974
	5,397,607	6,059,119
Total liabilities	41,263,696	41,822,365

Notes to the condensed consolidated interim financial information - continued

7. Disposal of Group's shareholding in Tigné Mall p.l.c. - continued

The Group's revenues and expenditure for the interim periods ended 30 June 2013 and 2012 reflected in profit or loss, which are attributable to Tigné Mall p.l.c., are disclosed in the table below:

	Period ended 30 April 2013 (unaudited) €	Period ended 30 June 2012 (unaudited) €
Revenue	1,511,631	2,218,050
Cost of sales	(461,474)	(888,837)
Gross profit	1,050,157	1,329,213
Administrative expenses	(141,087)	(128,187)
Operating profit	909,070	1,201,026
Net finance costs	(589,655)	(810,976)
Profit before tax	319,415	390,050
Tax expense	(201,135)	(298,352)
Profit after tax	118,280	91,698
Presented in income statement as follows:		
Profit for the period from discontinued operation	118,280	91,698
Loss recognised on disposal of subsidiary (principally selling costs)	(285,636)	-
(Loss)/profit for the period from discontinued operations	(167,356)	91,698

Notes to the condensed consolidated interim financial information - continued

7. Disposal of Group's shareholding in Tigné Mall p.l.c. - continued

The Group's cash flows attributable to the discontinued operation are analysed below:

	Period Ended	
	30 April 2013 (unaudited) €	30 June 2012 (unaudited) €
Net cash (used in)/from operating activities	282,102	(3,144,711)
Net cash from investing activities	(59)	21,223
Net cash from/(used in) financing activities	-	2,725,870
Net movement in cash and cash equivalents	<u>282,043</u>	<u>(397,618)</u>

MIDI p.l.c. applied the net proceeds arising on disposal, amounting to €20,919,589, principally in the reduction of its bank borrowings to manage its finance costs. Utilising the Company's effective interest rates applicable to its borrowings as at 30 June 2013, the effective reduction in interest costs is expected to exceed the pre-tax financial results reflected in the table above.

Directors' Statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- The condensed consolidated interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2013, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting').
- The interim directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Albert Mizzi
Chairman



Joseph A. Gasan
Director

26 August 2013