MIDI p.l.c.

Condensed Consolidated Interim Financial Information

30 June 2019

Contents

Interim Directors' Report pursuant to Listing Rule 5.75.2

This Interim Directors' 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 ('The Company') unaudited consolidated financial information for the six months ended 30 June 2019 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.

Material events & transactions

In preparing this Report, the Directors have taken regard of the material events and transactions for the period ended June 2019 ("the Relevant Period"), and their impact on the condensed set of financial statements, together with the prospects for the remaining six months ending 31 December 2019.

The Relevant Period has been characterized by the ongoing delivery of a number of Q2 apartments to their owners, albeit on a much more reduced scale when compared to 2018. During the first 6 months of 2019, the MIDI Group has registered a profit after tax of €3.0 million compared to a profit of €10.5 million registered for the same period last year. Revenue for the six months amounted to €9.6 million (2018: €35.5 million) of which €8.0 million (2018: €33.6 million) was generated from sale of property resulting in an overall operating profit of €4.3 million (2018: €14.4 million).

Total assets have decreased marginally from €220.6 million as at 31 December 2018 to €219.3 million while Net Asset Value rose from €97.4 million to €98.7 million, resulting in a Net Asset Value per share of €0.46 (€0.45 as at 31 December 2018).

The Group's results for the Relevant Period also include the consolidation of the financial results of its subsidiary Solutions & Infrastructure Services Limited ("SIS") as well as the Company's 50% share of the financial results of Mid Knight Holdings ("MKH"), a joint venture company which owns and operates "The Centre" office block located at Tigné Point. The Company's share of MKH's profit for the Relevant Period amounted to €805k (2018: €769k).

The Company's focus continues to be the Manoel Island development, as it finalizes the Masterplan and the design of the first phase of this project, which have been both entrusted to the international architectural firm Foster+Partners. The Outline Development Permit was approved by the Planning Authority on the 7 March 2019. This permit is currently subject to an appeal lodged by the NGO *Flimkien għal Ambjent Aħjar*. In the meantime, the first works contract relating to site enabling works has been awarded and works are now underway.

The detailed design of the first phase is at an advanced stage and a number of full development applications have been submitted to the Planning Authority. The Company has also commenced the process of identifying a principal contractor to undertake the works associated with Phase 1 of the project. It is envisaged that this process will be concluded by year-end with vertical construction of the first residential clusters and the development of the infrastructure as contemplated by the Deed of Emphyteusis earmarked to commence during the first quarter of 2020 subject to the issue of the relevant permits.

Interim Directors' Report pursuant to Listing Rule 5.75.2 - *continued*

In June 2018, the Company had announced that it was in discussions with Tumas Group Company Limited to explore the possibility of establishing a joint venture with respect to the Manoel Island development. These discussions are ongoing as the parties are exploring a number of alternative opportunities. Once negotiations come to a close, a company announcement will be issued in line with the Listing Rules requirements.

The Company has also submitted a full development application for the final phase of the Tigné Point development, to be known as the Q3 residential block. Provided that the permit is issued by the end of this year, the Company plans to commence works during 2020.

The outlook for the second half of the year remains positive. However, the projected profit for the year ending 31 December 2019 will be lower than that registered for the financial year ending 31 December 2018 given that the number of Q2 apartments that were delivered during 2018 exceeded those set to be delivered in 2019.

Related party transactions

MIDI p.l.c. 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 2019 have been disclosed in Note 5 to the Condensed Consolidated Interim Financial Information.

On behalf of the Board

Alec A. Mizzi	Joseph Said
Chairman	Director

21 August 2019

Company Secretary:	Catherine Formosa
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 2019 (unaudited)	As at 31 December 2018 (audited)
ASSETS	**€**	€
Non-current assets		
Property, plant and equipment	**2,065,529**	2,182,254
Investment property	**37,077,612**	37,077,612
Investments in joint ventures	**30,397,466**	29,592,618
Loans receivable from joint ventures	**9,701,000**	9,701,000
Financial investments	**526,026**	507,874
Deferred tax assets	**801,086**	1,273,545
Total non-current assets	**80,568,719**	80,334,903
Current assets		
Inventories - Development project	**127,407,949**	123,626,897
Other current assets	**11,371,742**	16,651,204
Total current assets	**138,779,691**	140,278,101
Total assets	**219,348,410**	220,613,004
EQUITY		
Capital and reserves	**98,706,640**	97,440,126
LIABILITIES		
Non-current liabilities		
Trade and other payables	**13,758,458**	18,756,138
Borrowings	**49,348,710**	49,302,736
Deferred tax liabilities	**3,506,718**	3,506,718
Total non-current liabilities	**66,613,886**	71,565,592
Current liabilities		
Trade and other payables	**44,019,849**	41,602,346
Borrowings	**9,999,971**	9,999,971
Current tax liabilities	**8,064**	4,969
Total current liabilities	**54,027,884**	51,607,286
Total liabilities	**120,641,770**	123,172,878
Total equity and liabilities	**219,348,410**	220,613,004

The condensed consolidated interim financial information on pages 3 to 12 was authorised for issue by the board of directors on 21 August 2019 and was signed on its behalf by:

Alec A. Mizzi
Chairman

Joseph Said
Director

Condensed consolidated income statement

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	€	€
Revenue	**9,617,777**	35,497,845
Gross profit	**6,001,018**	16,390,552
Operating profit	**4,311,546**	14,376,532
Share of profit of investment accounted for using the equity method of accounting	**804,848**	768,752
Net finance costs	**(900,591)**	(1,042,290)
Profit before tax	**4,215,803**	14,102,994
Tax expense	**(1,254,162)**	(3,563,663)
Profit for the period	**2,961,641**	10,539,331
Earnings per share	**0.0138**	0.0492

Condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	€	€
Profit for the period	**2,961,641**	10,539,331
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of financial investments measured at fair value through other comprehensive income	**18,152**	(4,180)
Total comprehensive income for the period	**2,979,793**	10,535,151

Condensed consolidated statement of changes in equity

	Share capital €	Share premium €	Property revaluation reserve €	Investment fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2019	42,831,984	15,878,784	1,211,132	75,834	37,442,392	**97,440,126**
Comprehensive income						
Profit for the period	-	-	-	-	2,961,641	**2,961,641**
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss						
Fair valuation of financial investments measured at fair value through other comprehensive income:						
Net changes in fair value arising during the year, before tax	-	-	-	18,152	-	**18,152**
Total other comprehensive income	-	-	-	18,152	-	**18,152**
Total comprehensive income	-	-	-	18,152	2,961,641	**2,979,793**
Transactions with owners						
Dividends paid to shareholders	-	-	-	-	(1,713,279)	**(1,713,279)**
Total transactions with owners	-	-	-	-	(1,713,279)	**(1,713,279)**
Balance at 30 June 2019	**42,831,984**	**15,878,784**	**1,211,132**	**93,986**	**38,690,754**	**98,706,640**
Balance at 1 January 2018	42,831,984	15,878,784	2,012,507	81,866	25,815,645	**86,620,786**
Comprehensive income						
Profit for the period	-	-	-	-	10,539,331	**10,539,331**
Other comprehensive income:						
Items that may be subsequently reclassified to profit or loss						
Fair valuation of financial investments measured at fair value through other comprehensive income:						
Net changes in fair value arising during the year, before tax	-	-	-	(4,180)	-	**(4,180)**
Total other comprehensive income	-	-	-	(4,180)	-	**(4,180)**
Total comprehensive income	-	-	-	(4,180)	10,539,331	**10,535,151**
Balance at 30 June 2018	**42,831,984**	**15,878,784**	**2,012,507**	**77,686**	**36,354,976**	**97,155,937**

Condensed consolidated statement of cash flows

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	€	€
Net cash (used in)/generated from operating activities	**(3,167,285)**	12,959,162
Net cash used in investing activities	**-**	(354,179)
Net cash used in financing activities	**(1,711,279)**	(3,918,409)
Net movement in cash and cash equivalents	**(4,878,564)**	8,686,574
Cash and cash equivalents at beginning of period	**13,275,477**	9,884,138
Cash and cash equivalents at end of period	**8,396,913**	18,570,712

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 Company has continued to deliver a number of Q2 apartments to their new owners. In addition the Company's focus has been on the Manoel Island development as it looks to finalise the Masterplan and the design of Phase 1 of the project. The Outline Development permit has been approved by the Planning Authority on 7 March 2019, although this permit is now subject to an appeal lodged by the NGO *Flimkien għal Ambjent Aħjar*. Site preparatory and enabling works have now commenced on site.

2. Basis of preparation

The condensed consolidated interim financial information includes the Financial Statements of MIDI p.l.c., its subsidiaries and the share of results of its joint ventures. The condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, 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 2018, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2019

In 2019, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2019. 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 impacting the Group's financial performance and position.

Under *IFRS 16 - 'Leases'*, which became applicable in 2019, a lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets.

The directors consider the impact upon adopting IFRS 16 not to be material to the financial statements.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2019. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU as the Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

Notes to the condensed consolidated interim financial information - continued

2. Basis of preparation - continued

Assessment of going concern assumption

MIDI p.l.c. has registered a consolidated profit for the period amounting to €2,961,641 (2018: €10,539,331) during the period-ended 30 June 2019. The Group's total assets exceeded its total liabilities by €98,706,640 (2018: €97,440,126) as at 30 June 2019.

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 2019.

MIDI Group continued to review its funding strategy in the context of the timing of the different development stages of the final Tigné Point phases and of the 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 Tigné Point and Manoel Island project to leverage the underlying cash flow streams.

The review highlighted above has not given rise to potential indications of impairment of the carrying amount of inventories attributable to the remaining Tigné Point phases and to the Manoel Island project. No heightened risk factors have been identified in respect of the latter in view of the judgmental nature of the review process.

In June 2018, the Company had announced that was in discussions with Tumas Group Company Limited to explore the possibility of establishing a joint venture with respect to the Manoel Island development. These discussions are ongoing as the parties are exploring a number of alternative opportunities. Any eventual agreement will be subject to the Company's contractual obligations and any necessary regulatory and shareholder approvals in terms of law.

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 operating as a going concern.

Notes to the condensed consolidated interim financial information – *continued*

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 involves the leasing and management of the retail space at Pjazza Tigné and the catering units situated at the Foreshore. In addition, through one of the Group entities, SIS, services pertaining to HVAC are also being included under this segment.

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 2019 and 2018 is as follows:

	Development and sale of property		**Property and rental management**		**Group**	
	2019	2018	**2019**	2018	**2019**	2018
	€	€	**€**	€	**€**	€
Segment revenue	**8,049,548**	33,639,685	**1,568,229**	1,858,160	**9,617,777**	35,497,845
Segment results - operating profit	**3,222,131**	13,408,746	**1,089,415**	967,786	**4,311,546**	14,376,532

4. Earnings per share

Earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares of MIDI p.l.c. in issue. During both six month periods ended 30 June 2019 and 2018, the weighted average number of shares in issue amounted to 214,159,922.

5. Related party transactions

All companies forming part of the respective groups of companies of which Alf. Mizzi & Sons Limited, Gasan Enterprises Limited, MAPFRE MSV Life p.l.c., Polidano Brothers Limited, Vassallo Builders Group Limited and Lombard Bank Malta p.l.c. form part, are considered by the Directors to be related parties together with First Gemini p.l.c. and Mr. Mark Andrew Weingard by virtue of the shareholding that the companies and persons referred to in MIDI p.l.c..

All entities owned, controlled or significantly influenced by the Company's ultimate shareholders, together with the Company's Directors, close members of their families and all entities owned, controlled or significantly influenced by these individuals, are the principal related parties of the Group.

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 2019, the Group purchased services from related parties for the amount of €26,328 (period ended 30 June 2018: €43,810).

At the end of the interim period under review, the Group had no outstanding contractual commitments with related parties for project development.

Notes to the condensed consolidated interim financial information – *continued*

5. Related party transactions - continued

ii) Sale of property
During the interim period under review, no apartment sales to a related party were finalised (period ended 30 June 2018: Nil).

iii) Operating lease arrangements
The rental income earned from lease arrangements with related parties during the six-month period ended 30 June 2019 amounted to €71,640 (period ended 30 June 2018: €69,554).

iv) Sale of Services
Income from sale of services to related parties during the six-month period ended 30 June 2019 amounted to €273,238 (period ended 30 June 2018: €157,911)

v) Bank loans
As at 30 June 2019 the Group has banking facilities of €9,999,971 (31 December 2018: €9,999,971) sanctioned by related parties. The interest charged on loans from related parties during the six-month period ended 30 June 2019 amounted to €111,224 (period ended 30 June 2018: €190,516).

vi) Loans with joint ventures
Loans receivable from Mid Knight Holdings Limited, a joint venture entity with Benny Holdings, as at 30 June 2019, amounted to €9,701,000 (31 December 2018: €9,701,000). Interest income earned on these loans during the six-month period ended 30 June 2019 amounted to €240,532 (period ended 30 June 2018: €204,332), in line with the contractual agreement.

vii) Deposits with banks
Outstanding bank deposits placed with related parties as at 30 June 2019 amounted to €4,392,967 (31 December 2018: €6,191,112). The interest income earned on deposits with related parties during the six-month period ended 30 June 2019 amounted to €21,971 (period ended 30 June 2018: €6,575).

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

	Face value of bonds held at		Interest payable during the six months ended	
	30 June 2019	31 December 2018	**30 June 2019**	30 June 2018
	€	€	**€**	€
Other related parties	**261,500**	261,500	**9,715**	9,715
Held by related parties as nominees in the ordinary course of their business	**2,367,300**	2,380,500	**87,947**	74,368

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.

Notes to the condensed consolidated interim financial information – *continued*

5. Related party transactions - *continued*

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 2019 €	As at 31 December 2018 €
Amounts owed to related parties	**327,899**	331,059
Amounts owed to joint venture	**137**	13,550
Outstanding deposits effected under operating lease arrangements	**35,000**	35,000
Amounts owed by related parties	**92,825**	133,633
Amounts owed by joint venture	**83,695**	25,047

The directors are the Group's key management personnel and transactions with these related parties consist solely of directors' remuneration.

The transactions undertaken with related parties, disclosed above, were carried out on commercial terms in the normal course of business and are subject to scrutiny by the Board of Directors. The transactions carried out with group subsidiaries were carried out at carrying amounts.

The Group also enters into other transactions with other related parties, such as the placement of insurance risks, but the related transaction amounts are not considered to have a material impact on the financial results and financial position of the Group.

6. Fair values of financial instruments

At 30 June 2019 and 31 December 2018 the carrying amounts of other financial instruments, comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity.

The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Directors have assessed the fair value of the amount due to Government in relation to purchase of land with a carrying amount of €44.2 million as at 30 June 2019 (31 December 2018: €49.1 million) by reference to the original discount rate applied upon completion of the deed adjusted by changes recorded since then at the end of the reporting period in the yields to maturity of long term Malta Government securities with tenor similar to the repayment terms of the liability towards the Government. On this basis, the fair value at 30 June 2019 of the amount due to Government with respect to the purchase of land amounted to €44.2 million (31 December 2018: €49.1 million). The current market interest rates utilised for fair value estimation are considered observable and accordingly these fair value estimates have been categorised as Level 2.

Notes to the condensed consolidated interim financial information – *continued*

6. Fair values of financial instruments - continued

The carrying amount of the 4% Secured Euro Bonds 2026 as at 30 June 2019 was €49.3 million (31 December 2018: €49.3 million). The quoted market price for the euro bond as at 30 June 2019 was 106.00 (31 December 2018: 103.80), which in the opinion of the Directors fairly represented the fair value of these financial liabilities. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

The fair value of the Group's bank borrowings as at the end of the reporting period is not materially different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

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 2019, 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.

Alec A. Mizzi	Joseph Said
Chairman	Director

21 August 2019